Financial Institution Data Match

By now, you have probably received a package from the Office of the Attorney General - Child Support Division (OAG) concerning the Financial Institution Data Match (FIDM) program. FIDM was mandated by the federal Welfare Reform Act of 1996, the purpose of which is to reduce the number of "welfare moms" by giving some superpowers to Title IV-D agencies to collect past due child support payments from "deadbeat dads." In Texas, the Title IV-D agency is the Child Support Enforcement Division of the OAG. The OAG has contracted with Tier Technologies to run the FIDM program. Some twenty other states belong to the Alliance, which acts as a clearinghouse for FIDM information. The package you received from Tier Technologies included an agreement for your bank to sign and return and some information about the program. Many of you have had questions about FIDM. The purpose of this bulletin is to answer the most commonly asked questions.

DOES OUR BANK HAVE TO PARTICIPATE?
Yes. Federal law enacted as a part of welfare reform in 1996 mandated that the states set up this system. In 1999, Texas amended the Family Code to provide for FIDM. However, implementation was deferred. Now the OAG has proposed regulations (comment period closes July 1) and selected a vendor (Tier Technologies) to carry out the mandate.

WHEN DOES THIS GO INTO EFFECT?
It is already law in Texas. The OAG is trying to get agreements into place this Summer with data match started third quarter of this year (or October 31, 2001).

WILL THE BANK GET PAID?
No. The state did not authorize reimbursement and has not funded reimbursement.

WHAT HAPPENS IF WE DON'T PARTICIPATE?
Since the program is required by state law, the OAG could subpoena the bank records for the match-which would be a more expensive and time-consuming process.

WHAT ABOUT PRIVACY REQUIREMENTS?
The federal and state laws both provide protection from civil liability for participating banks. In addition, GLBA has an exception for compliance with state and federal law. Furthermore, there is an explicit exception for collection of child support (including providing info to a state-licensed private investigator).

WILL THE INFORMATION BE SECURE?
Yes. Tier is extremely experienced and is performing these services in many states. It complies with IRS Level 3 security requirements. Perhaps most important, they immediately delete any information
that does not match a child support obligation.

WHAT ACCOUNTS ARE COVERED?
Demand deposit, checking, NOW, savings, CDs and money market mutual fund accounts.

WE HAVE A THIRD PARTY ARRANGEMENT FOR MM MUTUAL FUNDS. MUST WE DISCLOSE THESE?
The securities broker also must comply with this law. The money market mutual fund account is not with the bank. Therefore, it is not covered.

MORE INFORMATION?
The OAG is developing a brochure about FIDM. Also, see their Web site at www.oag.state.tx.us. Or call Tier's toll free number at 877-965-FIDM (3436).