

Stopping Cuts to Child Support Enforcement Is Vital to Families

(Updated October 2010)

States will soon face substantially reduced funding for their child support programs unless Congress moves quickly to prevent cuts from taking effect. The Deficit Reduction Act (DRA) cut federal funding for child support enforcement by 16 percent. The American Recovery and Reinvestment Act of 2009 (ARRA) restored the funding, but the DRA cuts were reinstated on October 1, 2010. If Congress does not act to retroactively restore full funding for child support enforcement, custodial parents and their children are likely to lose billions of dollars in child support owed to them, undermining the improvements in collections over the past decade.

- **Millions of families rely on child support enforcement services.**
 - The child support program serves one in four children – more than 17 million – and distributes about \$24 billion dollars in child support to families annually.ⁱ During FY 2009, the numbers of new support orders established increased by 6.3%, the largest one year increase in over a decade.ⁱⁱ
 - Child support enforcement services are available to families of all income levels. But most of the families that participate in the program have low or moderate incomes: 43% are families that have left welfare, and 14% are current recipients of public assistance.ⁱⁱⁱ The vast majority are headed by single mothers.
 - Child support represents **40% of family income** for poor families who receive it,^{iv} and reduces the poverty rate for children in these families by **nearly 25%**.^v Child support helps families make ends meet, leave welfare, and avoid a return, while reducing federal costs for means-tested programs like Medicaid and food stamps.^{vi}

- **The DRA cut to funding for child support enforcement will cost families \$2 billion next year in uncollected child support.**
 - The DRA eliminated the federal match on incentive payments that states earn based on their performance rates and reinvest in their child support enforcement programs. Before the DRA was enacted in 2006, the Congressional Budget Office (CBO) estimated that the net loss of federal funds (\$4.9 billion over 10 years) would reduce child support collections by \$8.4 billion over 10 years – *if* states made up for *half* of the loss with their own funds. Since the onset of the recession in December 2007, states have faced severe budget shortfalls and are unlikely to be able to replace federal funding.^{vii} Current estimates indicate that, if states do not replace the spending reduction, child support distributed to families will decline by about **\$2 billion** in FY 2011 alone, affecting more than 850,000 children.^{viii}
 - Without the federal incentive match funds, many states will have to cut staff and/or services for their child support enforcement programs.^{ix} As a result, it will take longer to establish paternity and establish support orders, and collections will be less dependable.

- The cuts also are likely to force programs to abandon promising initiatives that provide specialized services to low-income noncustodial parents, incarcerated and reentering parents, and battered women.^x
- **Failure to restore funding for child support enforcement could unravel years of steady progress.**
 - Over the past 12 years, the child support enforcement program has more than doubled its collection rate and become highly cost effective, collecting \$4.78 in child support for every \$1 spent by federal, state and local governments.^{xi}
 - These dramatic improvements were driven in large part by the results-based incentive system that Congress adopted with bipartisan support in 1998. The federal match on incentive payments is a key component of this system, substantially expanding the funds available to states to improve their performance and enforce child support. The DRA provisions that cut billions of dollars in federal funding for child support could reverse more than a decade of progress, setting off a downward spiral in performance – unless Congress acts now to restore these critical funds.

ⁱ U.S. Dep't of Health and Human Servs., Admin. for Children and Families, Office of Child Support Enforcement, FY 2009 Preliminary Report (May 2010), *available at* http://www.acf.hhs.gov/programs/cse/pubs/2010/reports/preliminary_report_fy2009/ [FY 2009 Preliminary Report].

ⁱⁱ FY 2009 Preliminary Report.

ⁱⁱⁱ FY 2009 Preliminary Report.

^{iv} Vicki Turetsky, Comm'r, U.S. Dep't of Health and Human Servs., Admin. for Children and Families, Office of Child Support Enforcement, Child Support: An Important Income Source for Families, at 9-10 (Sept. 16, 2010) [Turetsky].

^v According to the Congressional Research Service, the poverty rate for children in families receiving child support is 23.1% when child support is counted as income and 30.6% when it is not included. Memorandum from Thomas Gabe, Cong. Research Serv., to Senator John D. Rockefeller, IV (Sept. 9, 2010).

^{vi} Carmen Solomon-Fears, Cong. Research Serv., Child Support Enforcement Program Incentive Payments: Background and Policy Issues, at 27 (Oct. 5, 2007).

^{vii} *See, e.g.*, Elizabeth McNichol, Phil Oliff and Nicholas Johnson, Ctr. on Budget and Policy Priorities, States Continue to Feel Recession's Impact (Oct. 7, 2010), *available at* <http://www.cbpp.org/cms/index.cfm?fa=view&id=711>.

^{viii} Estimate based on Cong. Budget Office, Cost Estimate: Reconciliation Recommendations of the House Committee on Ways and Means (Oct. 28, 2005); Cong. Budget Office, Preliminary CBO Estimate of the Federal Budget Effects of Title VII of the Deficit Reduction Act of 2005 on Child Support Collections (Dec. 19, 2005); and FY 2009 Preliminary Report. *See also* Turetsky at 2.

^{ix} *See* The Lewin Group & ECONorthwest, Anticipated Effects of the Deficit Reduction Act Provisions on Child Support Program Financing and Performance Summary of Data Analysis and IV-D Director Calls, at 24-28 (July 20, 2007), *available at* <http://www.ncsea.org/files/LewinReport.pdf> [The Lewin Group].

^x *See* The Lewin Group at 24; *see also* Letter from Harry Holzer, Georgetown University to Senator Max Baucus, Chairman, U.S. Senate Committee on Finance (Jan. 24, 2008).

^{xi} FY 2009 Preliminary Report.