



COALITION ON HUMAN NEEDS

Ensure that a Decade of Progress in Child Support Enforcement is Not Lost – Support S.803/H.R 1386

CHILD SUPPORT HELPS MILLIONS OF AMERICAN CHILDREN AND FAMILIES.

- The Child Support Enforcement Program (CSE) served 17.2 million American children and collected \$24 billion in 2006.¹
- Child support helps to bring 1 million children out of poverty every year.²
- Effective enforcement increases family self-sufficiency by decreasing the need for public assistance. In 2004, child support payments allowed more than 300,000 families to leave TANF.³
- Child support builds stronger families. Strong child support enforcement increases recipient children's educational attainment,⁴ reduces divorce rates,⁵ and deters non-marital births.⁶ Non-custodial fathers who pay child support are more involved with their children.⁷

INVESTMENT IN CSE HAS HIGH FISCAL RETURN.

- CSE is highly cost-effective. The Program collects \$4.58 for every dollar spent,⁸ and is consistently among the OMB's top-rated government programs.⁹
- The CSE reward and reinvestment (see explanation on reverse page) system has helped to drive a decade of progress in child support enforcement: The \$24 billion collected by the Program in 2006 was a 92% increase over collections in 1996.¹⁰

IMPENDING DEEP CUTS WILL DEVASTATE CSE AND FAMILIES.

- Effective October 1, 2007, Section 7309 of the Deficit Reduction Act ends the federal match on incentive payments.¹¹ According to the Congressional Budget Office (CBO), the CSE program will lose \$6.7 billion over 10 years.¹²
- This will devastate state enforcement efforts. The CBO estimates **\$11 billion in support owed to children will go uncollected** over the next 10 years as a result of the cut, assuming states are able to backfill half of the lost funds.¹³ If they cannot, the lost collections could be far higher. In Ohio, for example, the state program expects to compensate for the loss by reducing its staff by 25%.¹⁴
- The cuts will lead to a downward spiral in performance. With less funding, state program performance will slip, meaning lower incentive payments and the possibility of falling into penalty status.

FUNDING CUTS ARE NOT THE WAY TO REWARD A DECADE OF PROGRESS

ACT NOW BEFORE IT IS TOO LATE. This cut will not go into effect until October 1, 2007. There is still time to avert the greatest damage to the Program. The Child Support Protection Act (S.803/H.R. 1386) repeals Sec. 7309 and restores CSE funding, allowing this program to continue working for American children.

DRA SECTION 7309 WILL CUT BILLIONS FROM THE CHILD SUPPORT PROGRAM

Child support is an essential source of income for millions of poor families

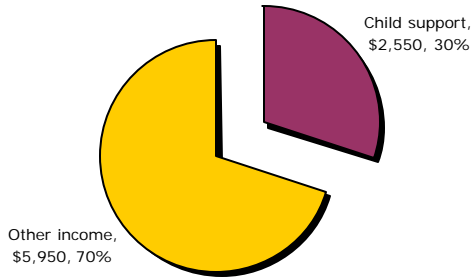


Fig. 1

Source: Urban Institute NSAF, 2001

Child Support helps millions of American children and families meet their human needs. For example, in 2001, those poor custodial mothers who received support received \$2,550 on average, or 30% of their total income, in child support. **Fig. 1.** This support helps bring millions of children out of poverty, and allows hundreds of thousands to leave TANF.

Total Child Support Collections are Growing Much Faster than Expenditures

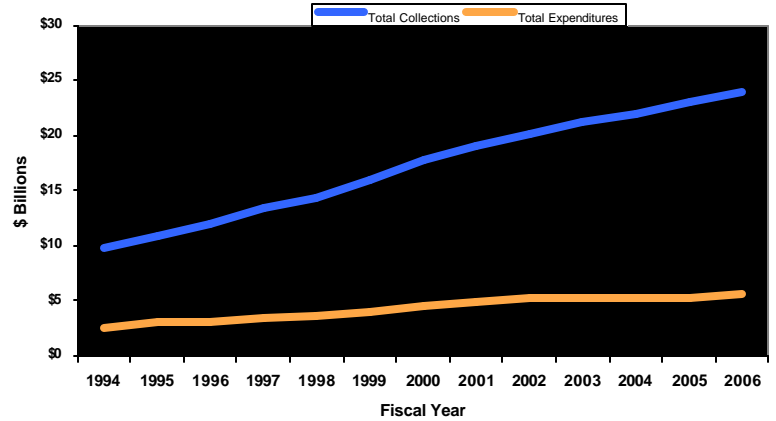


Fig. 2

Source: OCSE

The CSE Program, which collected \$4.58 for every dollar expended in 2005, has become increasingly cost-effective over the last decade. **Fig. 2.** The \$23 billion collected by the program in 2005 was a 92% increase over collections in 1996.

Because of the DRA, state child support programs stand to lose over \$900 million in 2008 and almost \$7 billion over the next ten years.

The federal government rewards the highest-performing state programs with incentive payments from a pool of funds set aside for that purpose.¹⁵ Since the early days of the CSE program, states have been allowed to draw down federal matching funds when they reinvested incentive payments back into reimbursable child support activities.¹⁶ When the anticipated cut goes into effect in October 2007, states will still receive \$483 million in federal incentive payments, but they will lose \$937 million in federal matching funds.¹⁷ **Federal incentive payments will only be worth one-third of what they were prior to the DRA. Fig. 3.** This is not what Congress intended: In order to increase funding available to states – especially poorer and small states – to improve their child support performance, Congress intended to allow high-performing states to receive federal matching funds on reinvested incentive payments.¹⁸ And since 1998, Congress, concerned with modest performance in many states, has required states to reinvest those funds back into the CSE program.¹⁹ Reducing the value of federal incentive payments by two-thirds, as provided by the DRA, will result in the opposite – shrinking the pool of funds available to states and undermining child support performance.

Breakdown of Federal v. State Contribution

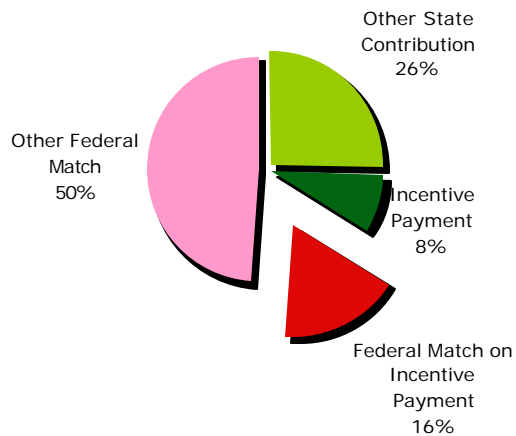


Fig. 3

Source: CLASP

¹ CHILD SUPPORT ENFORCEMENT, FY 2006 PRELIMINARY REPORT, PROGRAM HIGHLIGHTS, OFFICE OF CHILD SUPPORT ENFORCEMENT, DEPARTMENT OF HEALTH AND HUMAN SERVICES (March 2007), http://www.acf.hhs.gov/programs/cse/pubs/2007/preliminary_report/#highlights

² VICKI TURETSKY, THE CHILD SUPPORT ENFORCEMENT PROGRAM: A SOUND INVESTMENT IN IMPROVING CHILDREN'S CHANCES IN LIFE, CENTER FOR LAW AND SOCIAL POLICY (CLASP) 2, 4 (Oct. 2005), http://www.clasp.org/publications/cfy-safetynet_final2.pdf [hereinafter A SOUND INVESTMENT].

³ VICKI TURETSKY, IT MAKES SOUND FISCAL SENSE TO RESTORE FUNDING FOR CHILD SUPPORT ENFORCEMENT, CENTER FOR LAW AND SOCIAL POLICY (CLASP).

⁴ BARNOW, ET. AL, THE POTENTIAL OF THE CHILD SUPPORT ENFORCEMENT PROGRAM TO AVOID COSTS TO PUBLIC PROGRAMS: A REVIEW AND SYNTHESIS OF THE LITERATURE, PREPARED FOR HHS 46-48 (April 2000).

⁵ *Id.* at 40-43.

⁶ *Id.* at 44-46.

⁷ A SOUND INVESTMENT, *supra* note 2, at 4.

⁸ Fact Sheet, Office of Child Support Enforcement, Department of Health and Human Services, http://www.acf.hhs.gov/opa/fact_sheets/cse_factsheet.html.

⁹ Department of Health and Human Services, 2007 Budget in Brief, at 87, *available at* <http://www.hhs.gov/budget/docbudget.htm>.

¹⁰ PROGRAM HIGHLIGHTS, *supra* note 1.

¹¹ *See* 42 U.S.C. § 658a(b)(2)(A)(ix); Deficit Reduction Act § 7309 (to be codified at 42 U.S.C. § 655(a)(1)).

¹² Preliminary revised CBO estimate.

¹³ *Id.*

¹⁴ Testimony of Bruce Wagstaff, Director, California Department of Human Assistance Before the Subcommittee on Income Security and Family Support, Committee on Ways and Means, U.S. House of Representatives, Hearing on Recent Changes to Programs Assisting Low-Income Families, at 8 (March 6, 2007).

¹⁵ 42 U.S.C. § 658a.

¹⁶ FAMILIES WILL LOSE, *supra* note 18, at 2.

¹⁷ FAMILIES WILL LOSE, *supra* note 18, at 3; *see* 42 U.S.C. § 658a(b)(2)(A)(ix).

¹⁸ *Id.*; *see* Wagstaff Testimony, *supra* note 13, at 7.

¹⁹ Child Support Performance and Incentive Act of 1998, Pub. L. No. 105-200, Title II, § 201(a), 112 Stat. 648 (1998); *see* H.R. Rep. No. 105-422 at 33-34 (1998).