



Restored Federal Funding Needed to Implement New Child Support Pass-Through Options

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January 28, 2008

Effective next year, new state options included in the Deficit Reduction Act of 2005 (DRA) will allow states to pay up to 100 percent of collected child support to current and former TANF families—up to \$2 billion more money for families every year. States and advocates alike support the new DRA distribution options. However, a 20 percent cut in federal funding for child support enforcement also included in the DRA threatens state implementation of these new options. Without restored child support funding, it is far less likely that most states will move forward on expanded pass-through and distribution payments to families.

- **The child support program has emerged as one of the most important family support programs funded by the federal government.** The child support program serves 17 million children and collects \$24 billion every year in support paid for children by their non-custodial parents. The program significantly reduces child poverty and the need for families to receive public assistance. The child support program has seen dramatic improvements over the past decade. Collections have doubled, while the federal Office of Management and Budget rated it as one of the most effective federally-funded programs. The child support program collects \$6.50 in private support payments for every \$1 spent by the federal government, and pays for itself in reduced public assistance outlays.
- **The mission of the child support program is changing.** The child support program did not start out as a family support program. Originally, the program was set up as a welfare cost recovery mechanism. As the mission and the caseload of the child support program has evolved, the child support program has moved away from its cost recovery origins. Child support is no longer primarily a welfare reimbursement, revenue-producing device for the federal and state governments; it is a family support program intended to ensure families' self-sufficiency by making child support a more reliable source of income.¹

- **More than 93 percent of collected support is paid to families.** In 2006, families received about \$22 billion of the \$24 billion collected annually by the child support program. However, the program continued to withhold \$2 billion in support payments owed to current and former TANF families. The money is shared between state and federal governments to reimburse welfare costs. However, under the new DRA options, all of this money can now be paid to families.
- **More states are passing through more support to families.** Half of states pass through at least some support to families, while sixteen states pass through at least \$100 per month to families or had pending legislation in 2007 to do so.² Results of a Wisconsin study demonstrate that the fathers of children receiving TANF assistance are more willing to pay support and less likely to work in the underground economy when their children receive the money.³
- **However, the cut in federal funds threatens this potential expansion of family income.** The Congressional Budget Office estimates that billions of child support dollars will go uncollected as a result of the cut in federal child support funds. According to a Lewin Group study, the funding cut is forcing many states to pull back on plans to implement the new distribution options and pay more money to families.⁴ As one state child support director put it: “We were seriously considering a change, but it’s doubtful that we could do that now.”⁵

¹ Office of Child Support Enforcement, *National Child Support Enforcement Strategic Plan, 2005-2009*, U.S. Health and Human Services, available at http://www.acf.hhs.gov/programs/cse/pubs/2004/Strategic_Plan_FY2005-2009.pdf.

² Jan Justice, *State Policy Regarding Pass-through and Disregard of Current Month’s Child Support Collected for Families Receiving TANF-Funded Cash Assistance*, CLASP, 2007, available at http://www.clasp.org/publications/pass_through_2007june01.pdf.

³ For more background on distribution policies, see Paul Legler and Vicki Turetsky, *More Child Support Dollars to Kids: using New State Flexibility in Child Support Pass-through and Disregard Rules to Benefit Government and Families*, Policy Studies, Inc., 2006, available at http://www.clasp.org/publications/more_cs_dollars_policy_brief_v10.pdf

⁴ The Lewin Group and ECONorthwest, *Anticipated Effects of the Deficit Reduction Act Provisions on Child Support Funding and Performance*, 2007, available at http://www.nccsd.net/documents/nccsd_final_report_revised_2_437782.pdf.

⁵ Erik Eckholm, “Mothers Skimp As States Take Child Support,” *New York Times*, December 1, 2007.