

Child Support 101



Child Support: Preserving and Expanding a Decade of Progress

**A Briefing on S. 803 and H.R. 1386
July 13, 2007**

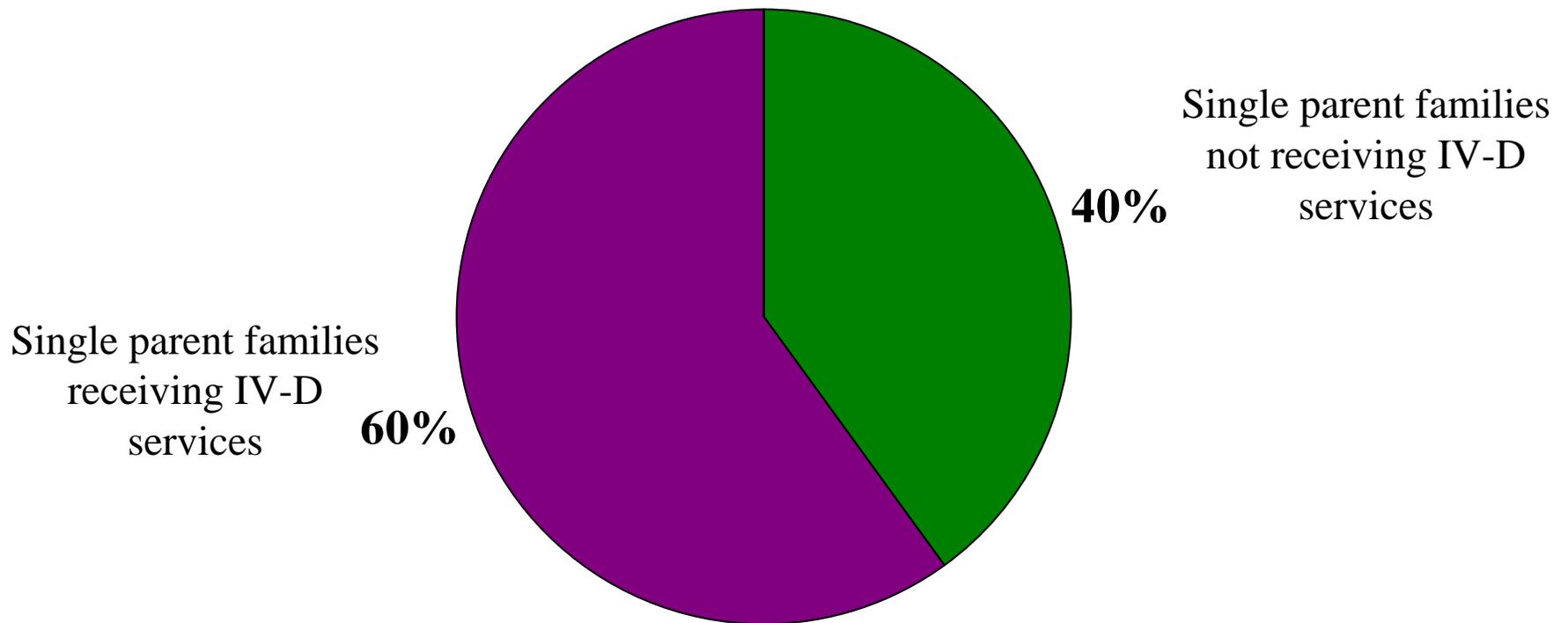
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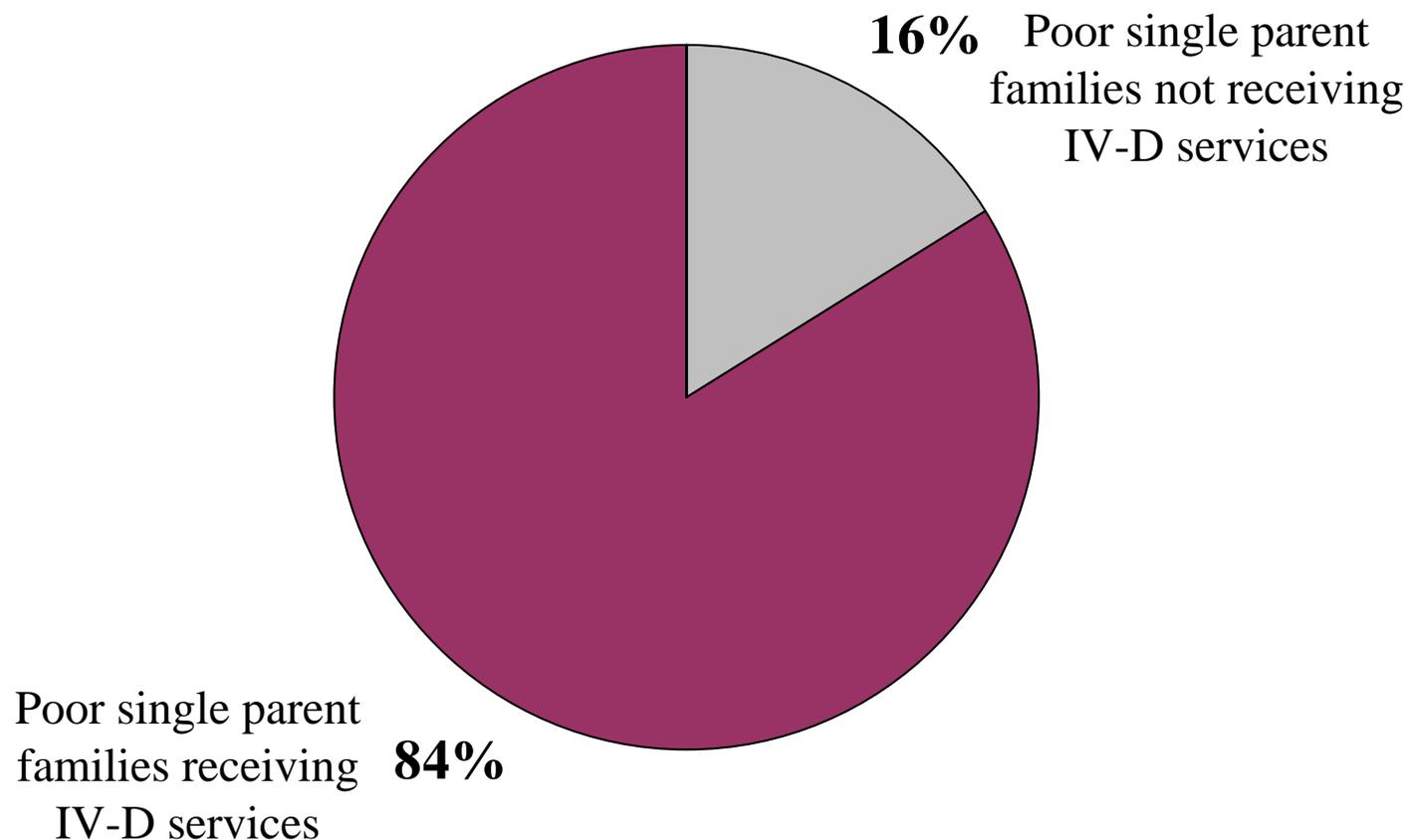
The child support program has seen a decade of progress and strong bipartisan support. But DRA deep cuts will unravel this success.

- More than 17 million children and their families received \$24 billion in child support in 2006.
- OMB gave child support program highest PART rating for effectiveness.
- Starting October 1, 2007, a federal funding cut will reduce state enforcement efforts by \$3 billion and deprive children of \$5 billion during the next 5 years—a 20% federal cut.
- S. 803 and H.R. 1386 would restore these funds.

Most children growing up in single parent families receive support enforcement services from state and county child support (“IV-D”) programs – 17 million children.

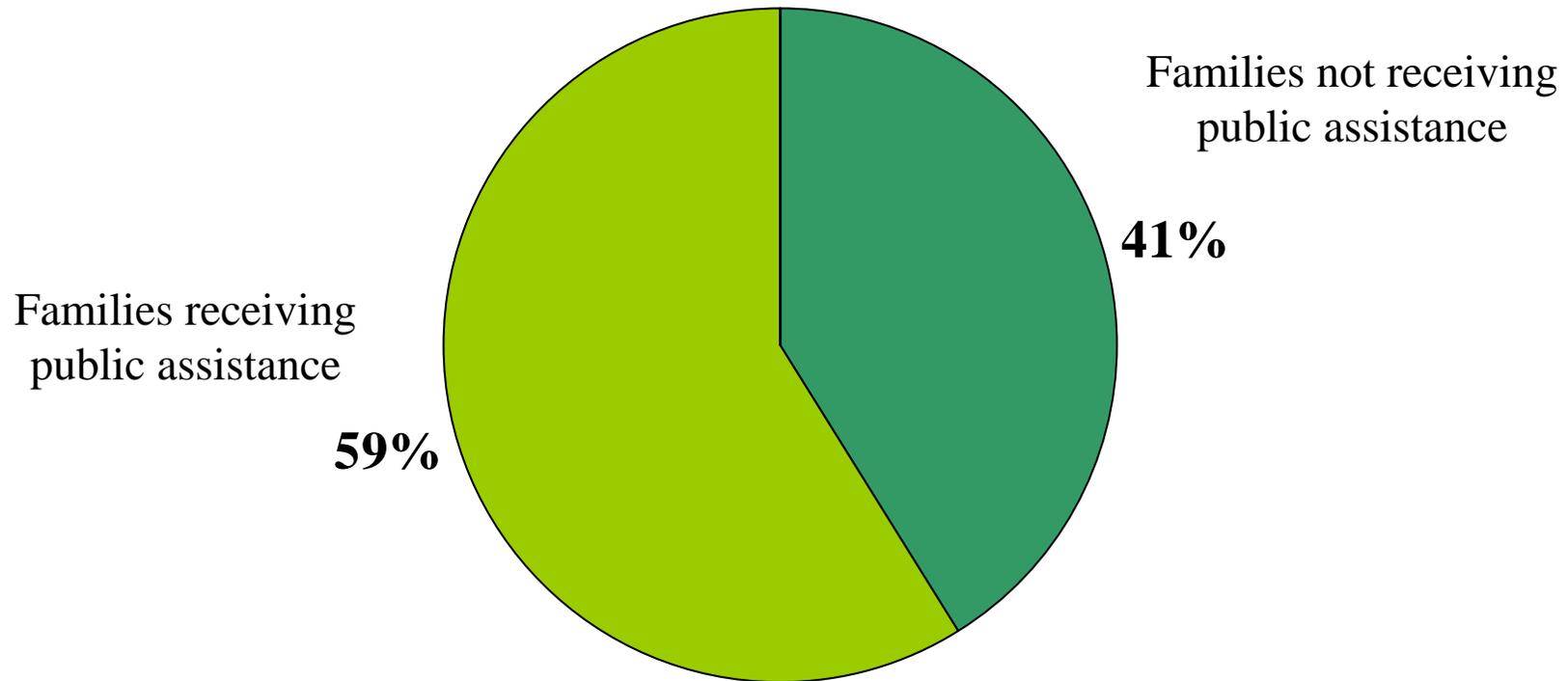


The vast majority of poor children in single parent families participate in the child support program.

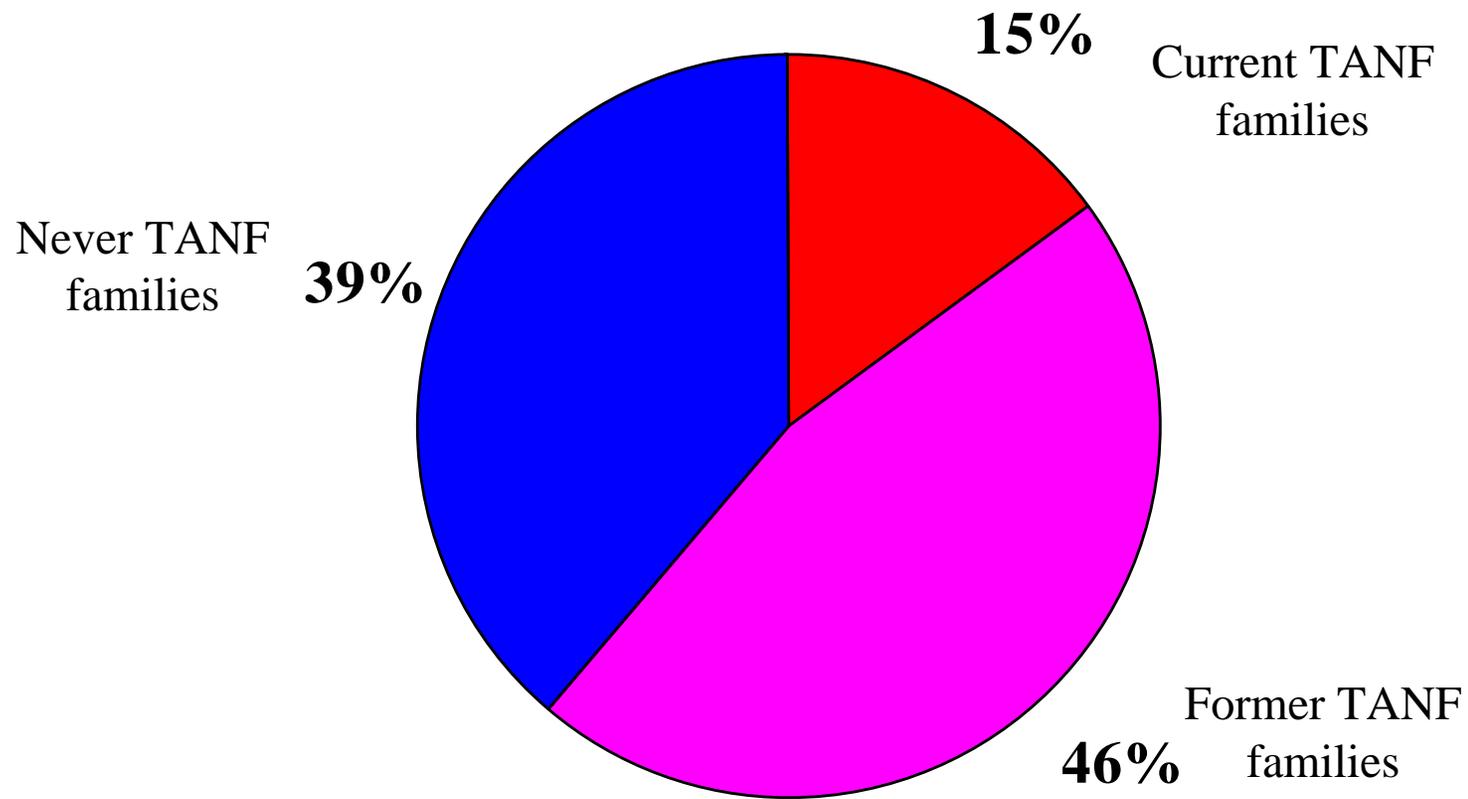


Source: HHS (2003)

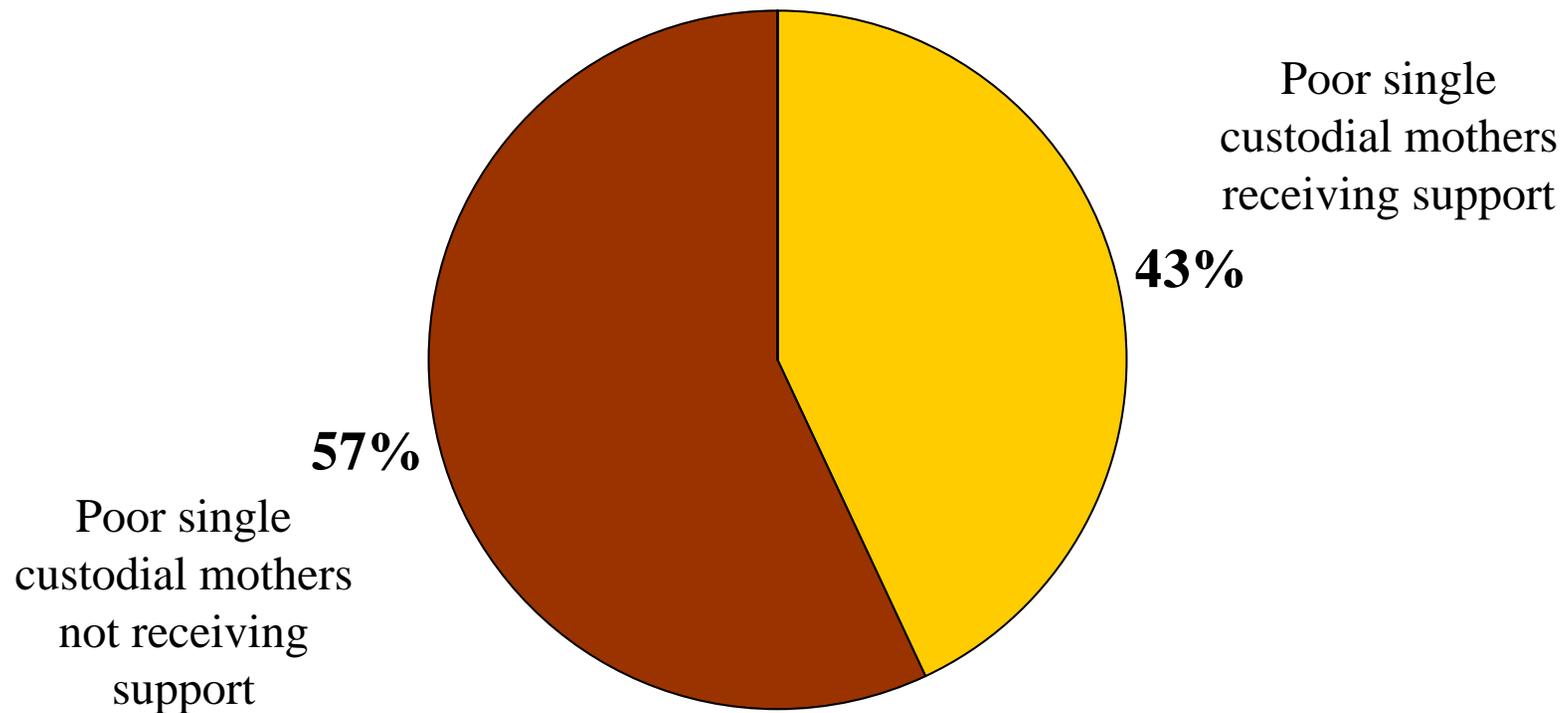
Most families in the child support program are low- and moderate-income working families. Most receive some form of public assistance, such as Medicaid or Food Stamps.



The largest group of families in the child support program are welfare leavers.

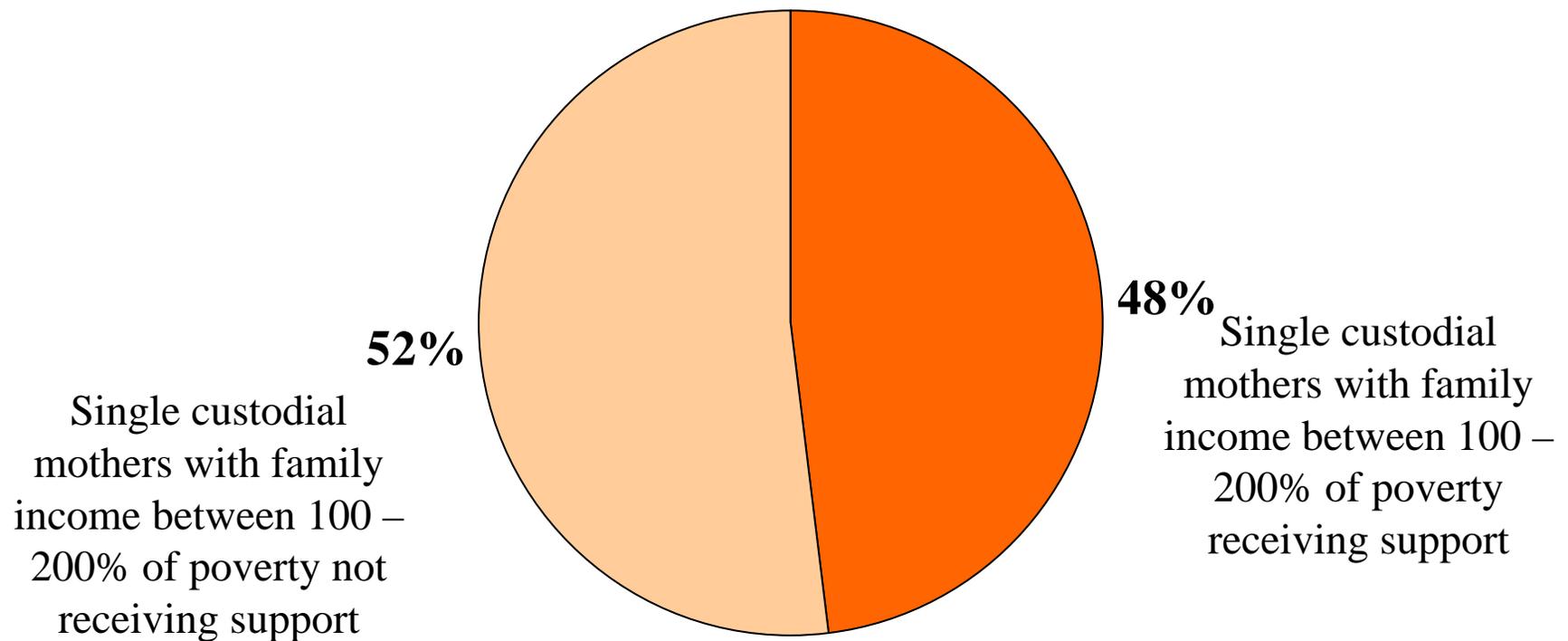


43 percent of *poor* single custodial mothers in the United States receive child support.



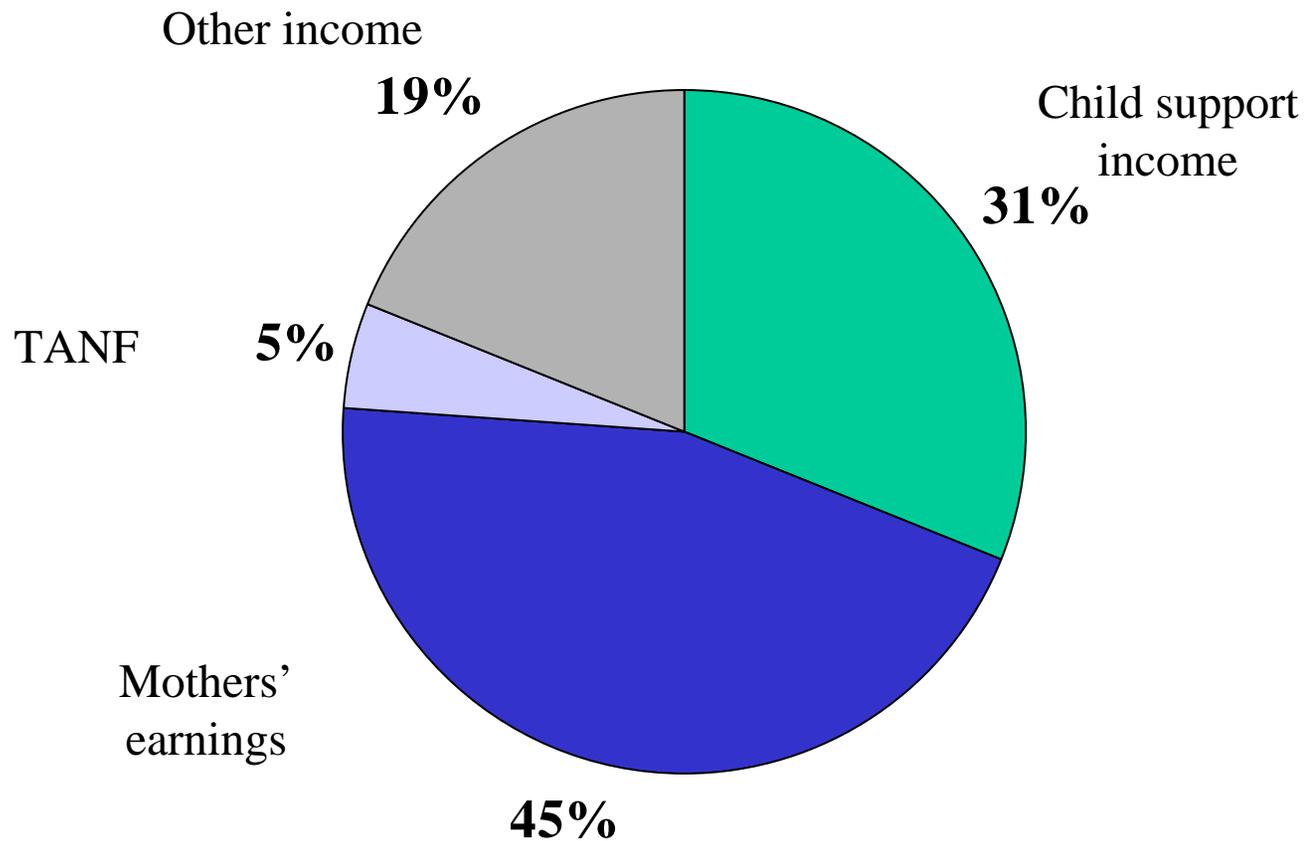
Source: Urban Institute analysis of the 2004 Current Population Survey-Child Support Supplement

Nearly half of *near-poor* single custodial mothers in the United States depend upon child support income.



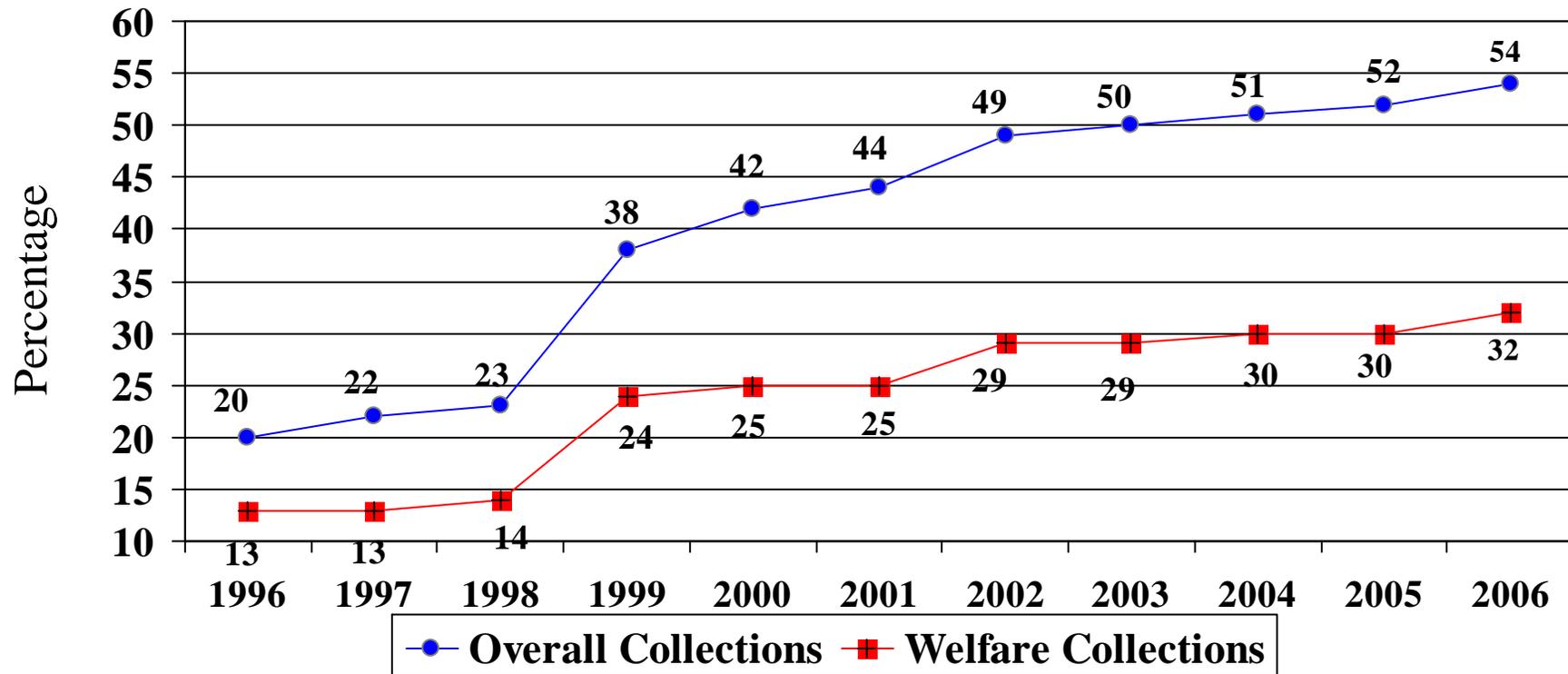
Source: Urban Institute analysis of the 2004 Current Population Survey-Child Support Supplement

Child support is 31% of family income of poor single mother families when received – the second largest source after the mothers’ earnings.

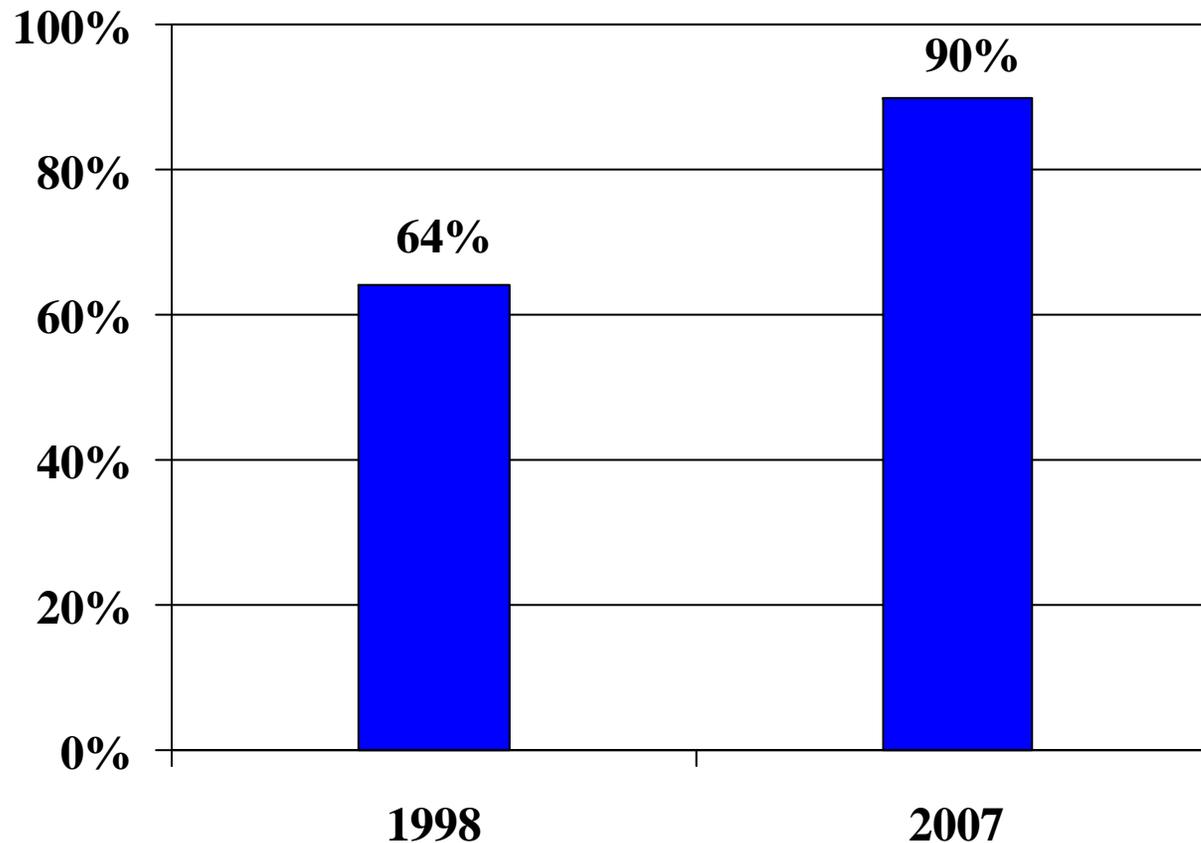


Source: Urban Institute analysis of the March 2006 Current Population Survey

Due to increased federal and state investments, child support collection rates have more than doubled over the past decade.

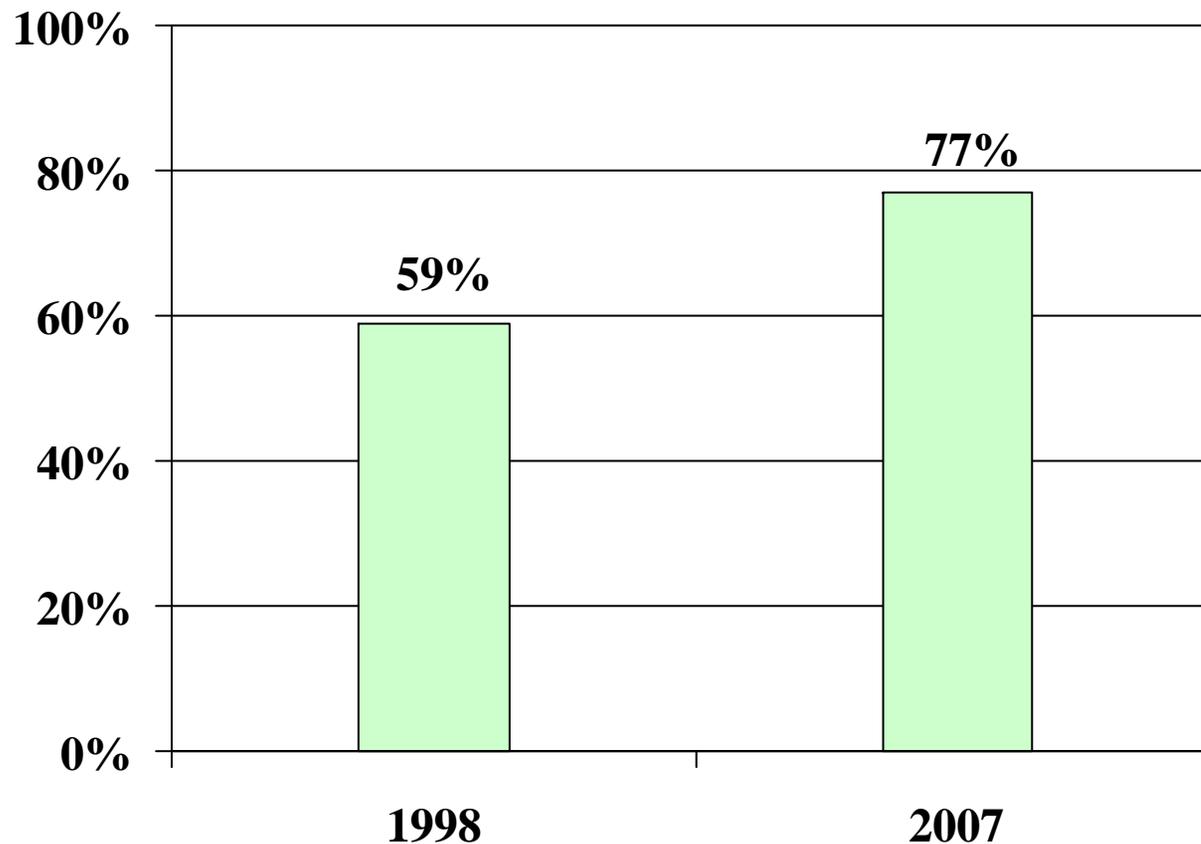


Paternity rates have improved dramatically – 90% of children in the child support program have a legal father.



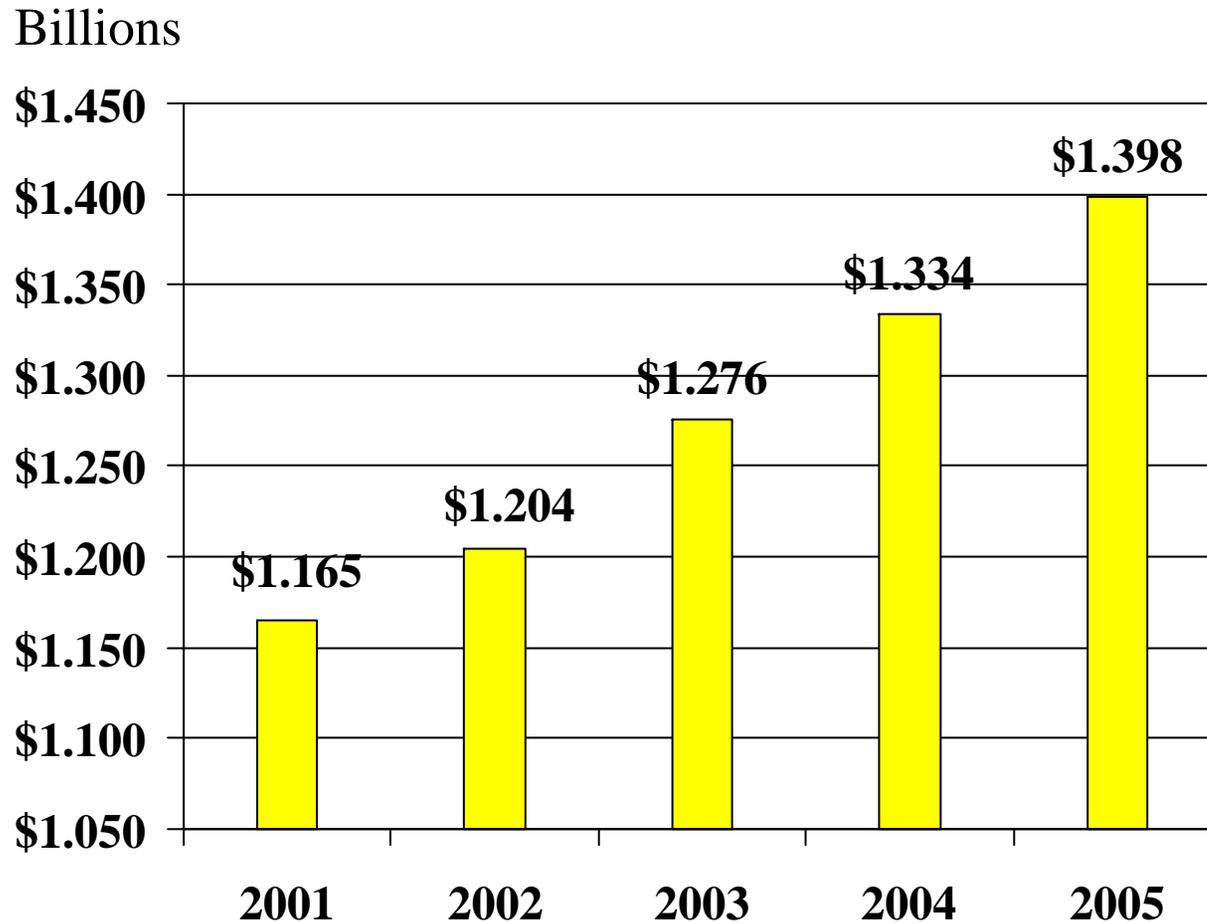
Source: HHS

Child support orders have increased – 77% of children in child support program have support orders in place.

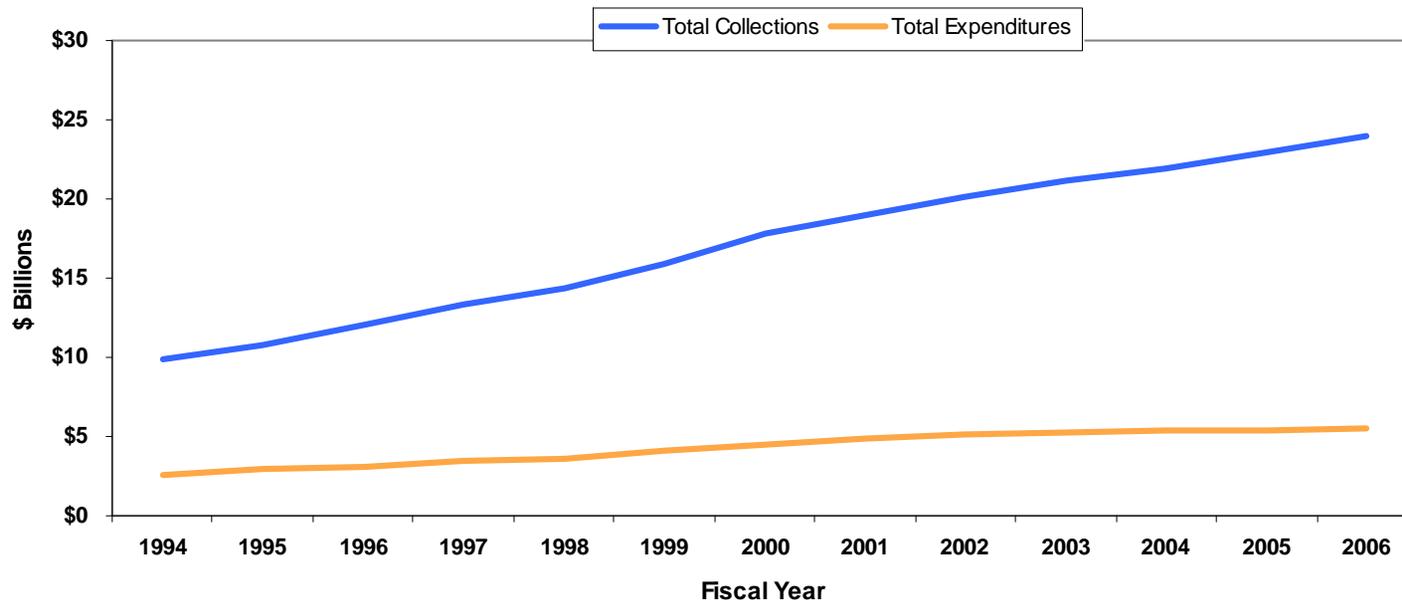


Source: HHS

Interstate collections increased by almost \$232 million over the last five years. 1/4 of child support cases are interstate.

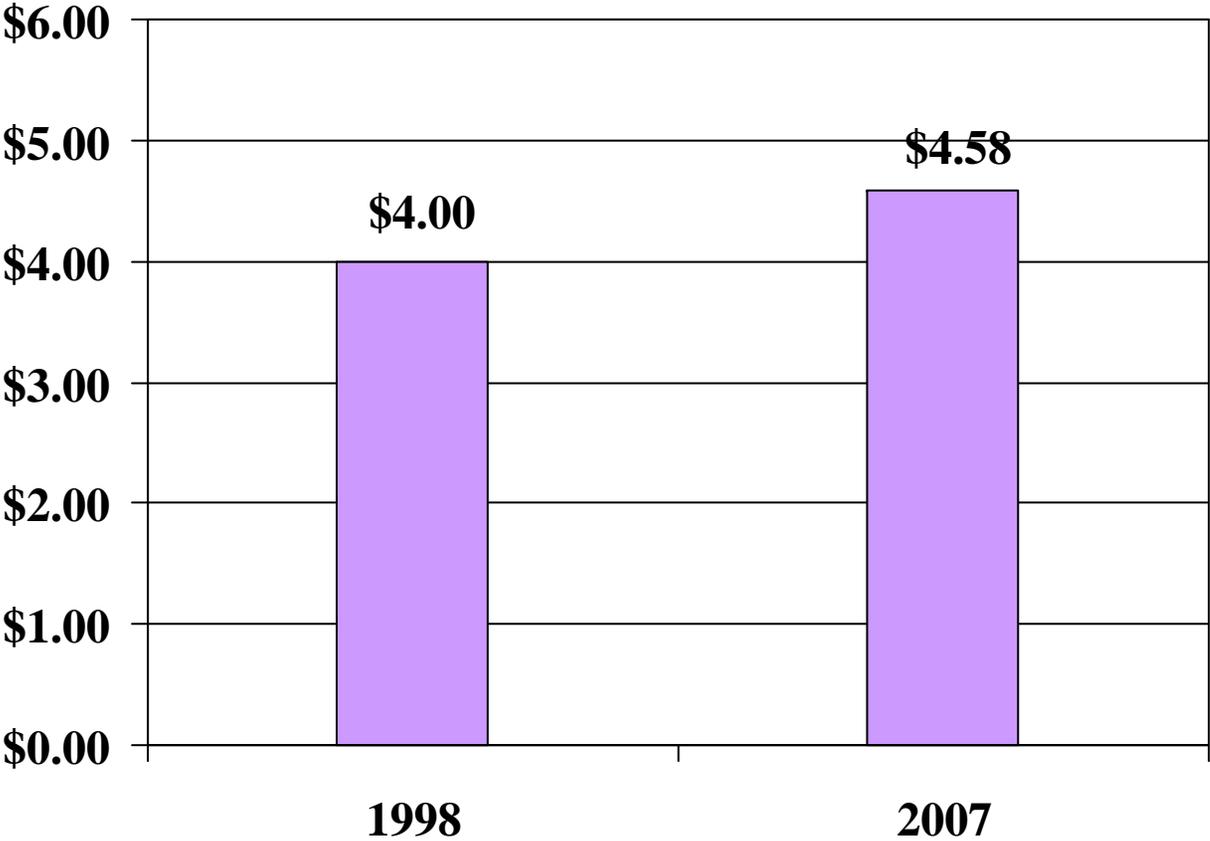


Total child support collections are growing much faster than expenditures.



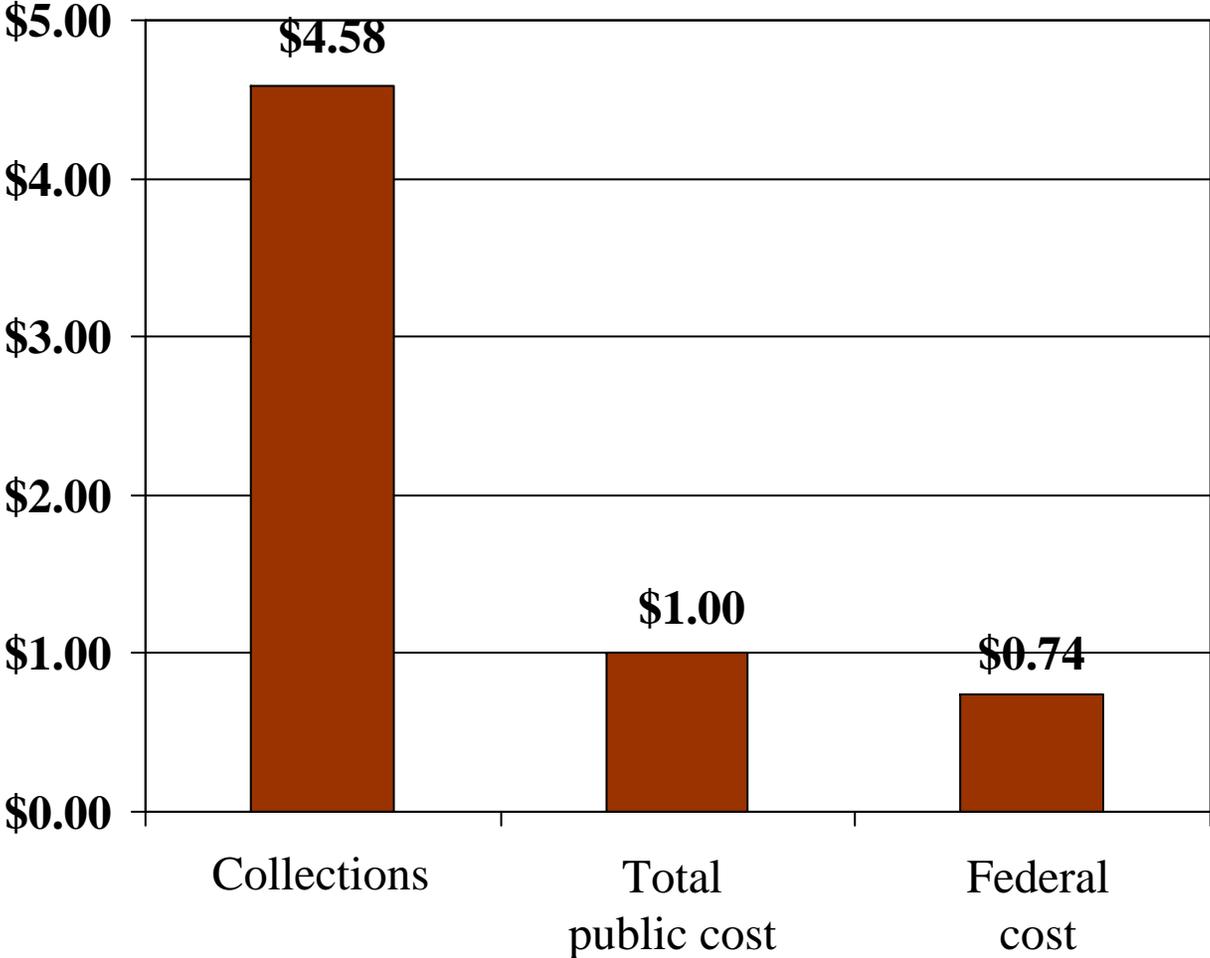
Source: HHS, 2006

Cost-effectiveness is improving, too. The child support program leverages \$4.58 in private dollars for every \$1.00 spent by the taxpayer.



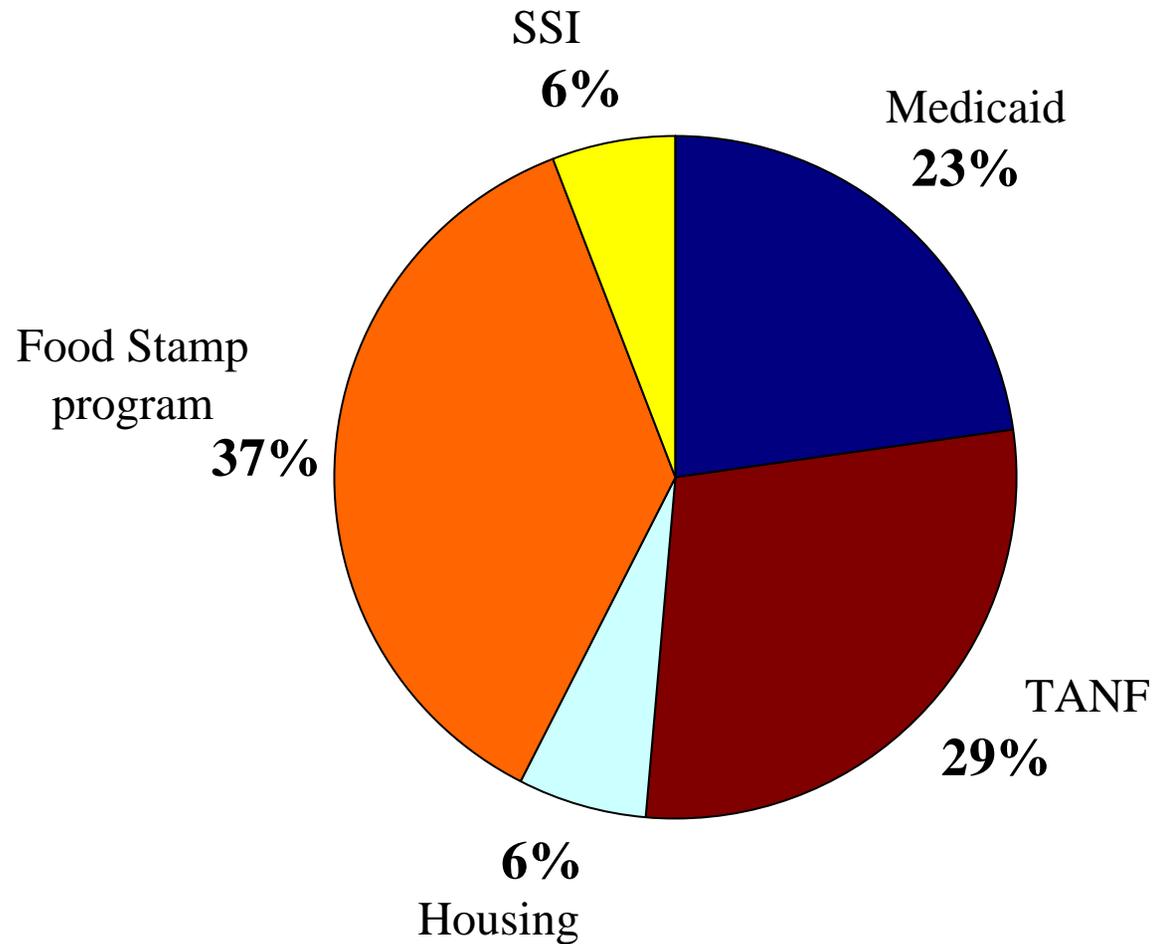
Source: HHS

The federal government spends 74 cents to collect \$4.58—a high fiscal return on federal investment.

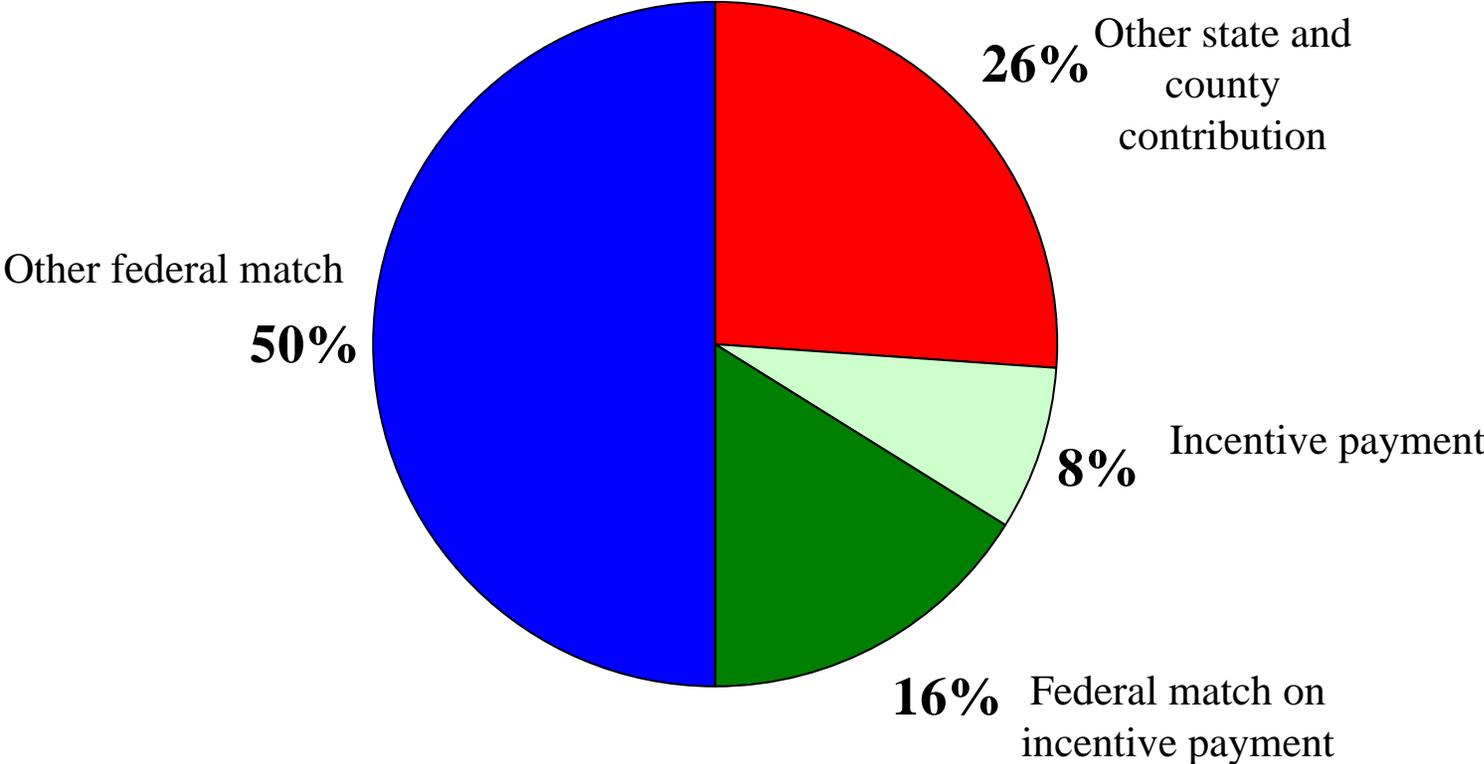


Source: HHS, 2006

The child support program pays for itself. Every \$4 spent by taxpayers to enforce child support reduces spending in other programs by \$5.



The bottom line on child support program costs? The federal government contributes 74% and states/counties contribute 26%.



Source: HHS

True performance-based funding ensures accountability with graduated incentives and stiff penalties.

	Penalty if state doesn't improve and performs:	Minimum incentive if state performs:	Maximum incentive if state performs:
Paternalities	Below 90%	Above 50%	Above 80%
Support orders	Below 40%	Above 50%	Above 80%
On-time collections	Below 35%	Above 40%	Above 80%
Arrears	n/a	Above 40%	Above 80%
Cost-effective	n/a	Above \$2.00	Above \$5.00

DRA cut 2/3 of performance-based funding.

Preliminary Lewin Group findings:

- Performance and funding are linked.
- Impact of cuts vary by state and county. Highest performing states are hit hardest.
- Cuts will affect all families and related programs like TANF, Food Stamps, and Medicaid.
- Interstate collections will be hurt.
- Federal compliance will be hurt.
- Labor-intensive services and staff will be cut most.
- While some state legislatures have temporarily approved stop-gap funding, others have not.
- But impact of cuts expected to worsen over time.

Strategic child support goals and services are jeopardized by funding cuts.

- Performance and accountability.
- Increased family income.
- Stronger parent-child relationships.
- Health care coverage for children.
- Distribution and pass-through reforms.
- Linking low-income fathers to jobs.
- Preventing the build up of debt.
- Employer and military partnerships.
- Initiatives to improve foster care outcomes.
- Prisoner re-entry collaborations.