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The Senate Finance Committee Welfare Bill Includes Important Child Support Measures That Would Help Poor Families

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Current law requires families who receive cash assistance under the Temporary Assistance for Needy Families (TANF) program to assign (sign over) their rights to unpaid child support to the state. States keep much of the child support collected for current and former TANF families and share the money with the federal government. The Senate Finance Committee TANF bill would give states options to pass through more of the money to families, and it also includes stronger enforcement measures. These provisions make good policy sense for the following reasons:

- **Families, not the government, should benefit from the child support paid by fathers.** One-third of current TANF families and half of former TANF families receive child support through the child support program. For poor families who receive it, child support is one-third of the family's income, or \$2,330 per year. Families who receive child support are more likely to leave and stay off welfare. In 2002, the child support program collected \$10 billion for current and former TANF families but held back \$2 billion to repay welfare costs. More than half of the retained support was owed to families who already left welfare.
- **Fathers pay more support when their support payments directly benefit their children.** Fathers who pay child support are more likely to stay involved with their children, and their children do better in school. A Wisconsin child support demonstration study found that fathers established legal paternity and paid more child support when the money was passed through to their children. The study also found evidence that passing through support reduced severe conflict between the parents.
- **The pass-through options are expected to significantly increase family income and save costs over time.** When collected, child support is a long-term income source for families. The Congressional Budget Office estimates that family income would increase by \$1.7 billion over five years and \$5.1 billion over 10 years as pass-through options are implemented. The income potential for families is even greater over time—up to \$2 billion per year if all states adopted the options. The Wisconsin study found that the cost of passing through the support to families was fully offset by increased payments by fathers and reduced welfare use by families. A full pass-through also is expected to lower administrative costs by as much as 6-8 percent.
- **Tough interstate enforcement measures are included.** Since Congress enacted major child support improvements in 1996, collections are up 67 percent and collection rates have doubled, for a record \$20 billion collected in 2002. To improve enforcement in interstate cases (one-fourth of all cases), the bill includes insurance and bank matches, expanded federal offsets, uniform state laws, and other measures.

- **The legislation has strong bipartisan and state support.** Child support pass-through and distribution reform bills have been sponsored by Sen. Snowe (R-ME), Sen. Kohl (D-WI), Sen. Bayh (D-IN), Sen. Cornyn (R-TX), and Sen. Lieberman (D-CT). The National Governors Association, National Conference of State Legislatures, American Public Human Services Association, National Child Support Enforcement Association, and other child support and child advocacy organizations support the legislation.

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