Resolution Supporting Permanent Restoration of Federal Incentive Match Funding for the Child Support Enforcement Program

Introduction:

The National Child Support Enforcement Association strongly supports permanent restoration of federal incentive match funding to support and extend states’ efforts in operating the Child Support Enforcement program.

Recent enactment of the American Recovery and Reinvestment Act of 2009 (ARRA) temporarily restored this essential source of Child Support Enforcement program funding. Section 2104 of ARRA provides for a two-year return to the federal funding process that was in effect before passage of the Deficit Reduction Act of 2005. For federal fiscal years 2009 and 2010, states may once again secure federal match funding for earned incentives that are reinvested in the Child Support Enforcement program.

The temporary restoration of incentive match funding provided in section 2104, is both praiseworthy and welcome. Nevertheless, it remains critical to the future well being of America’s children and families that permanent restoration of incentive match funding be legislatively secured. The reduction in available federal child support enforcement funding resulting from the DRA, significantly destabilized state Child Support Enforcement programs, jeopardizing the financial well being of families in the most tenuous of times.

In the current economic environment, effective child support services are more critical than ever. Child support collections are an essential part of government’s social safety net, helping not only to lift families out of poverty but also to keep families off of TANF rolls. Importantly, child support provides economic stimulatory effect: Most child support collections are spent in the local economy within a month of collection. The Child Support Enforcement program is unquestionably a sound and cost-effective investment. The program serves 17 million children and collects $25 billion dollars (and counting) each year. Every public dollar spent on the program results in $4.73 of private dollars collected from obligated parents.

Permanent restoration of the federal incentive match is essential to ensure that critical services are maintained and extended to help families become and remain self-sufficient.
THEREFORE, the National Child Support Enforcement Association resolves to urge the Congress to permanently restore federal incentive-match funding to ensure the stability and continuing productivity for the Title IV-D Child Support Enforcement Program.

**Background:**

The Child Support Enforcement Program Supports Family Self-Sufficiency

Effective child support enforcement services are more critical than ever in these times of economic hardship. Child Support Program collections make up 30 percent of the income of low-income families receiving payments.\(^1\) Child support collections help to lift families out of poverty and are highly cost effective in two ways. Child support not only helps poor families end reliance on Temporary Assistance to Needy Families (TANF) but also assists families in marginal circumstances to avoid the need for TANF. The Child Support Programs serves 17 million children, more than any other social services program, and collects $25 billion every year from non-custodial parents.\(^2\) The cost to the families resulting from elimination of federal incentive match funding will be approximately $1 billion per year in uncollected support, or $11 billion over ten years.\(^3\) The loss to families exceeds the savings to the federal government.

Reducing Federal Funding for the Child Support Enforcement Program will Increase the Costs of TANF, Medicaid, and Related Programs

State child support programs have played a critical role in assisting millions of low-income families to move from public assistance to self-sufficiency. As much as one-fourth of the decline in the TANF caseload from 1994 to 1996 has been attributed to child support collections.\(^4\) Child support programs are also a key to cost avoidance, ensuring that many families never need to receive public assistance. Permanent incentive match funding is critical to maintaining effective child support services and continuing to help families avoid the need for public assistance.

Beyond collecting cash support, the Child Support Enforcement Program secures medical support orders that enable children to be covered by their noncustodial parent’s private health insurance. This significantly reduces Medicaid costs, by as much as $170 per month per child.\(^5\)

Child support funding is cost effective. The child support program collects $4.73 in support payments for every public dollar spent.\(^6\) Child support programs secure the transfer of private, not public, funds to needy families, ensuring that non-custodial parents meet their financial responsibilities to their children. Child support collected directly reduces the cost of other social service programs. Conversely, to the extent that elimination of federal incentive match funding limits the availability and productivity of child support services, the costs of other social assistance programs will increase. These include TANF, Medicaid, and Food Stamps. Permanent restoration of federal incentive match will help state and local governments avoid making cuts in programs that are a safety net for low-income families.
**Restoration of Federal Incentive Match Provides for Timely Economic Stimulus**

As funding is cut, performance will erode, leaving children without the support they deserve from both parents. Child support provides economic stimulatory effect, since most child support collections are spent into the local economy within a month of collection. Child support collections are reinvested in the local economy for basic needs. Data from states and financial institutions indicate that at least 97% of all support payments are spent within the month of collection.\(^{vii}\)

**The American Recovery and Reinvestment Act of 2009 Provides Temporary Return to Historical Funding for the Child Support Program But Permanent Restoration is Needed.**

The Deficit Reduction Act (DRA) of 2005 (S.1932) eliminated the federal match for incentive payments reinvested by states in child support enforcement programs and effectively reduced federal funding by twenty percent.\(^{viii}\)

Permanent restoration of the federal match on incentive funds is consistent with Congress’ historical approach to program funding. The federal government has matched the incentive payments that states reinvest in their child support enforcement programs since the early days of the child support program. Prior to the DRA, the federal performance based incentive system and the corresponding federal matching funds provided a well designed structure that allowed states the flexibility to obtain the resources they needed to improve their child support enforcement programs, based on their success in meeting federal performance measures. In the last decade, the performance-based funding system has helped states double their child support collection rates and helped millions of families toward self-sufficiency.\(^{ix}\)

**Conclusion** NCSEA supports enactment of legislation that will permanently restore federal match for incentive payments earned by the states. Permanent restoration of funding is critical to the financial stability of the Child Support Enforcement Program, which in turn provides critical services services to millions of economically at-risk families.

**Adopted by the Board of Directors of the National Child Support Enforcement Association on the 2\(^{nd}\) day of September, 2009**

**NCSEA serves the child support community worldwide through professional development, communications, public awareness, and advocacy to enhance the financial, medical, and emotional support that parents provide for their children.**

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\(^{i}\) Center for Law and Social Policy (CLASP), Vicki Turetsky, *Child Support Stimulates an Economic Recovery* (January 8, 2009)

\(^{ii}\) Center for Law and Social Policy (CLASP), Vicki Turetsky, *Resolution Supporting Restoration of Federal Incentive Match Funding*
iii CLASP, Vicki Turetsky, *It Makes Sound Sense to Restore Funding for Child Support Enforcement* (January 29, 2008) – Congressional Budget Office estimate
iv National Child Support Enforcement Association (NCSEA) letter to Senator (November 1, 2005)
v National Child Support Enforcement Association (NCSEA) letter to Senator (November 1, 2005)
vi Dear Colleague Letter from Sen. J. Rockefeller (September 8, 2008)
viii NCSEA, NCCSD, ERICSA, WICSEC Written Testimony for the U.S. House of Representatives, Ways and Means Committee, Regarding Hearing on Economic Recovery, Job Creation and Investment in America, to Chairman Rangel and Committee Members
ix CLASP, Vicki Turetsky, *Cuts to Child Support Enforcement in Budget Bill Will Cost Families $8.4 Billion or More in Uncollected Child Support*
ix CLASP, Vicki Turetsky, *Cuts to Child Support Enforcement in Budget Bill Will Cost Families $8.4 Billion or More in Uncollected Child Support*