

April 9, 2007

Name and Address of Representative

**RE: IMPACT OF DEFICIT REDUCTION ACT ON STATE CHILD SUPPORT PROGRAMS**

Dear Congressman,

In my capacity as the President of the National Council of Child Support Directors, an organization comprised of the administrators of the Title IV-D child support enforcement program in the States and territories of our country, I write to express, with one voice, our concern about the detrimental effect some provisions of the Deficit Reduction Act of 2005 will have on our program and the children and families we serve.

As you may already know, the Office of Management and Budget rated the Child Support Program as one of the most effective in government. We provide a critical safety net for families and have collected over \$23 billion dollars for 17 million children this past year. It is a fact that an efficient child support program reduces poverty, helps families close their TANF cases, and reduces the caseloads of other means-tested programs.

The funding reductions within the Act will significantly hamper our efforts to improve program performance and drastically diminish public value. I urge you to contact your local child support agency director for more details on how these cuts affect your state. An analysis on the specific sections of the DRA and its general impact on the operation of state child support programs is attached for your convenience.

I thank you for your attention to this serious matter and ask that you consider these impacts as you move into conference. It makes sound fiscal sense to restore funding for child support enforcement. On behalf of the nation's IV-D directors, I urge you to help America's children get the support they deserve.

Sincerely,

Alisha Griffin  
President  
National Council of Child Support Directors

**ADDENDUM:**

In order to maintain the success of the child support program in minimizing the vulnerability of American children to poverty, the National Council of Child Support Directors respectfully requests that Congress:

- Restore the authority to use incentive funds as State funds, eligible for Federal financial participation matching, which will ensure that child support enforcement services to more than 17 million children are not jeopardized.
- Repeal the \$25 annual collection fee, which will encourage parents to participate in the child support program and reduce the need to turn for help to public assistance programs.
- Restore the 90% federal match for genetic testing, which will ensure children the rights and benefits associated with having two parents.

## **BACKGROUND**

Child support is a revenue-generating program. In FFY 2005, \$21 billion was collected for families and \$2 billion was collected to offset federal and state public assistance costs. The 2006 federal budget cited the child support enforcement program as “one of the highest rated block/formula grants of all reviewed programs government-wide. This high rating is due to its strong mission, effective management, and demonstration of measurable progress toward meeting annual and long-term performance measures.” Cost effectiveness of the program was \$4.58 in collections returned for every \$1 spent.

The child support enforcement program’s goal is to ensure that children benefit from a reliable source of financial and medical support from both parents. Operating in all 54 U.S. states and territories, as well as nine tribal nations, the program serves 17.2 million children.

Throughout its history, the child support enforcement program has enjoyed wide bipartisan Congressional support for enhanced enforcement tools and funding at the federal level, based upon the program’s anti-poverty/self-sufficiency philosophy and its success. More than 300,000 families were able to close their TANF cases in FY 2004 due to receipt of child support collections. The enforcement of child support enabled countless other families to avoid ever having to turn to public assistance.

It is important to note that the child support program is not an entitlement program; it is a service program. We are not providing funds to families receiving our services; rather, we are assisting these families in collecting funds due to them from those with a legal obligation to support them. This provides these families with the economic benefit of a stable income, enabling them to participate to a greater extent in the local, state and national economies.

In addition, paternity was established for approximately 1.6 million children in FFY 05. Support orders were established for over 1.2 million children, many of whom will never have to go on welfare because child support was collected on their behalf. The child support program clearly plays a vital role in the achievement of the goals of welfare reform. This is a benefit that extends beyond the borders of the child support program itself.

While we have spent the past decade building upon this success, its continuation is now threatened. The Congressional Budget Office estimates that child support collections will decrease by \$11 billion over the coming decade. Federal costs for Medicaid, Food Stamps and other means-tested programs will increase because more families will be forced to use public assistance when noncustodial parents do not pay child support.

While we appreciate the climate in which the Deficit Reduction Act of 2005 was passed, we respectfully suggest that perhaps members were not fully aware of the potential impact the changes would have on the successful child support program. Of particular concern to the state child support directors are the impact of the elimination of the Federal incentive match, the mandated \$25 annual collection fee, and the reduction in the Federal match rate for genetic testing.

## **I. ELIMINATION OF THE FEDERAL INCENTIVE MATCH**

The child support program is performance-based. State programs are evaluated on five (soon to be increased to six) performance measures. Their performance determines their share of Federal incentive funds. These funds that had been earned by the States were then required by law to be reinvested into the child support program. All State expenditures on the child support program are matched at 66% by the Federal government. This was the intent of the Child Support Performance and Incentive Act of 1998. As a result of the changes in the Deficit Reduction Act of 2005, States will no longer be able to use these funds to draw down their Federal match.

As a result of this new prohibition, most States will be forced to cut their child support staffing or services due to budget shortfalls, resulting in a decrease in the quality of services they are able to provide to families. The Congressional Budget Office estimates that the net reduction in Federal funds resulting from this prohibition will be \$4.9 billion over the next ten years. However, if States are not able to replace lost child support funds due to other costs imposed by the Act, they could lose \$11 billion over ten years, a 25% cut in child support funding.

One of the important pro-family provisions of the Deficit Reduction Act is the option provided to the States to implement changes to the distribution of child support collected, allowing them to pass more of the support on to families rather than retaining it for repayment of public assistance. This will enable families to move to self-sufficiency more quickly. Ironically, however, the decrease in funding that will result from the prohibition on incentives matching will force many States to forego this opportunity to give these families even greater economic security.

## **II. IMPOSITION OF MANDATORY \$25 ANNUAL COLLECTION FEE**

Under the current law, any family who is not now receiving, nor has ever received in the past, TANF or AFDC benefits must pay a \$25 fee once \$500 has been collected in their case. This fee is to be charged every year in which at least \$500 is collected. States must charge it to the custodial parent or the noncustodial (paying parent), or pay it out of State funds.

The imposition of the fee impacts the working poor and the highly vulnerable families who are managing to stay off of public assistance. The fee would be taken from the very money that is supposed to help them achieve self-sufficiency. Although it exempts TANF families from payment of the fee, the law requires collection of the fee from

families who have not received TANF/AFDC, yet have received other means-tested benefits, such as Medicaid, SCHIP, Food Stamps, and child care subsidies.

The imposition of the fee will also discourage parents from participating in the child support program. When families do not receive child support, they are more likely to seek assistance from public programs. As a result, Federal costs for Medicaid, Food Stamps and other means-tested programs are likely to increase. This will continue to trap families in the vicious cycle of poverty that welfare reform was intended to eliminate.

### **III. REDUCTION OF FEDERAL MATCH FOR GENETIC TESTING**

Since the use of genetic testing began in the child support program, the Federal financial participation rate for the testing has been 90%. This was due to the importance of paternity establishment to children. Proper identification of a child's father is vital not only to enable the establishment of a positive relationship, but also to ensure access to Social Security benefits, inheritance rights and medical information. In fact, paternity establishment is the bedrock upon which child support and child welfare rest – a legal obligation to support a child can not be imposed until the child's paternity has been established.

This reduction of the matching rate for paternity establishment is contrary to Congressional interest in establishment of paternity and the resulting responsibilities and rights flowing from the relationship.

### **FINAL COMMENTS**

The support of the children – the future – of the country is one of the most solemn responsibilities of a society. Years ago, Congress developed the child support program to facilitate that support for children in America. The program has been a great success, as the statistics bear out.

Now, however, the Deficit Reduction Act of 2005 threatens to diminish some of that success and make the children, already the most vulnerable of our society, even more vulnerable to poverty and its attendant problems.

The National Council of Child Support directors respectfully requests that this Congress re-emphasize its commitment to our children by taking action to repeal the provisions that threaten the health of the child support program