

# ***WOMEN'S ENEWS***

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## **Welfare Series: Child Support Cash Kept by States**

**By Jennifer Friedlin, WeNews correspondent**

*Diverse groups agree that more state-collected child-support payments should go directly to families rather than refilling welfare coffers. Action on the popular reform, however, remains pinned under a large and stymied reauthorization bill.*

(WOMENSENEWS) – Few issues in the debate about federal welfare enjoy universal consensus. Most politicians, advocates and single parents agree, however, that they would like states to see to it that a greater proportion of the child support money collected on behalf of welfare recipients ends up in the families' pockets.

But unless the issue of child-support payments is broken out from the overall tug-of-war over the welfare spending – which has seen a reauthorization bill deadlocked for two years – advocates fear that won't happen.

“We're political hostages,” said Geraldine Jensen, the founder and president of the Association for Children for the Enforcement of Support, a national child support organization based in Fredericksburg, Va. “Politicians are supposed to be there to help the people,” Jensen said. “We've shouted up and down Washington, but no one wants to let child support out of the TANF bill.”

The bill to which Jensen is referring is the spending reauthorization of the Temporary Assistance for Needy Families law. Under that law, states have the option to keep the billions of dollars in child support they collect annually on behalf of welfare recipients or pass the money along to the custodial parent, 90 percent of whom are female.

If the states keep the money, they use it to reimburse themselves for the cash assistance they extend those same families as straight welfare payments.

If the states send the child support payments to the parents, they may cut back on welfare disbursements.

Either way, say critics such as Jensen, the approach is not serving the long-term goal of helping poor, single-parent households climb out of poverty and stay there.

Jensen said that for poor families, child support can mean as much as \$5,000 tax free, a year. That can boost the income of a person earning \$8 an hour in a full-time job by as much as one third and make the difference between needing to rely on public assistance or being independent.

### Wisconsin Model

Only one state – Wisconsin – provides an example of the type of child support system that Jensen and others would like to see other states emulate.

Wisconsin passes along all the money it collects on behalf of single parents on public assistance without withholding other government benefits.

“Wisconsin’s philosophy was that since welfare was supposed to mimic the role of the absent parent, then mothers should receive all of the child support that came their way,” said Maria Cancian, an economics professor at the Institute for Research on Poverty in Wisconsin who has studied the impact of Wisconsin’s child support system.

“A job wouldn’t stop paying you because you were getting child support,” she said.

Cancian and her colleagues found that under the new system, Wisconsin mothers were more likely to establish paternity when they received more child support, non-custodial parents were more likely to pay child support when the money went to the families and that mothers and fathers had fewer conflicts over child support payments when the payments went to the custodial parent rather than to the government.

Cancian also found that the new program had no negative effect on the state’s revenue, since the drop in revenue from lost child support collections was offset when women who received regular child support payments went off welfare.

### New Act to Deliver More Support

The Personal Responsibility and Individual Development for Everyone (PRIDE) Act to reauthorize TANF would go a long way to deliver more child support money to custodial parents.

“The child support provisions in the PRIDE act, if enacted, will provide valuable resources to families,” Sen. Chuck Grassley, an Iowa Republican and chair of the Committee on Finance, said in an e-mail to Women’s eNews. “These resources will help families avoid having to go on welfare or could provide them with the means to get off of welfare.”

The act would eliminate federal requirement that families sign over rights to child support before going on welfare. It would give states the option to pass through up to \$400 for a family with one child and \$600 for a family with two children to the custodial

parent after she (or he) leaves welfare. It would require the federal government to waive the share of money it takes from child support collections.

Many people involved in the welfare debate believe that the changes in the PRIDE act would mean that the majority of states that currently pass very little or none of the money they collect in child support onto families would become more generous. And, this, they say, will help many families get and stay off public assistance.

Congress, however, has been deadlocked in the debate over reauthorization for two years. Much of the debate over welfare reauthorization stems from disagreements over whether welfare recipients should be required to work longer hours than current rules demand.

### Recipients Caught

In the meantime, TANF recipients are caught in the crossfire.

In 1975, Congress passed a law that provided federal funding to states to implement child support services, including locating absent parents, establishing paternity and getting and enforcing support orders. As a result, Jensen says that 68 percent of all families get partial or full child support payments today, compared to just 8 percent in 1984.

Yet, under the law (Title IV-D to the Social Security Act) states can use the money they collect on behalf of single parents to reimburse themselves and the federal government for the cash benefits they provide low-income people.

In 2002, the child support program recovered a total of \$10 billion on behalf of current and former TANF families, but the state and federal government kept \$2.1 billion as reimbursement for welfare costs, according to the most recent data provided by the U.S. Department of Health and Human Services. Currently, states keep about 55 percent of the dollars they collect in child support for current TANF families and about 15 percent for families who have left TANF.

Politicians, experts and advocates agree that the money states are keeping could go a long way to assist families and to further drive down the welfare rolls.

“If poverty-level families are not getting child support, they have to resort to going on TANF,” said Vicki Turetsky, a senior staff attorney at the Center for Law and Social Policy, an advocacy group for low-income families in Washington, D.C.

Currently, less than half of the states, generally the richest, pass along any child support to single parents receiving TANF benefits.

### Hangover Problem

The low figure can be explained in part by the legacy of Aid to Families with Dependent Children program, the precursor to TANF.

Since the federal government viewed cash benefits as a substitute for the income of a second parent, it required states to apply any child support collections toward repaying the federal government at a rate proportional to the money they received.

For example, for every \$100 that Mississippi allocated toward welfare, it would receive \$80 from the federal government and put in \$20 of state money. But for every \$100 in child support it collected, it would have to repay the federal government \$80. So, if a poor state wanted to pass all the child support it collected to the family, it would still have to pay \$80 to the federal government, meaning it would cost \$160 dollars to pass along \$80. The repayment system has remained the same under TANF.

“It’s hard enough for states with a 50-50 split to pay the pass through, for a state with a high matching rate, it’s unaffordable,” said Turetsky.

Grassley said that, although Congress could pull the child support piece out of the TANF reauthorization bill, it would not make sense to do so because “the bill has multiple parts that are meant to work together.” Instead, he said, the Democratic leadership in the Senate should move the TANF bill along by allowing it to go to conference with the House of Representatives, which passed its version last year.

Nick Gwyn, the Democratic staff director for the Human Resources Subcommittee of the House Committee on Ways and Means, said House Republicans object to breaking up TANF because they see child support as “a sweetener for other provisions that may be harder to get passed,” such as increasing the number of hours welfare recipients will be required to work.

Jennifer Friedlin is a writer based in New York.

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For more information:

Association for Children for the Enforcement of Support: <http://www.childsupport-aces.org/>

Center for Law and Social Policy:  
<http://www.clasp.org>

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