The Child Support Program: An Investment That Works

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The child support program enforces the responsibility of parents to support their children when they live apart. The child support program is jointly funded by federal and state governments under title IV-D of the Social Security Act. The program collects child support for families, establishes the legal relationship between children and their unmarried fathers, and obtains private health care coverage. Families receiving Temporary Assistance for Needy Families (TANF) cash assistance or Medicaid must participate in the child support program, while other families may apply for child support services. Any child is eligible for state child support services, regardless of income.

Child Support Makes a Difference to Children.

- **Child support dollars matter to families.** In 2004, the child support program served 15.9 million children and collected $21.9 billion in private child support dollars.\(^2\) Next to the mothers’ earnings, child support is the second largest income source for poor families receiving child support. Among families receiving support in 2001, families below poverty received an average of $2,500 in support, or 30 percent of total family income. Families between 100 and 200 percent of poverty received nearly $4,000, or 15 percent of family income. Thirty-six percent of children with family incomes below the federal poverty level received child support, while 50 percent of families with incomes between 100 and 200 percent of poverty received support.\(^3\) Almost two-thirds of low-income families with child support receive steady payments.\(^4\)

- **Child support helps connect children to their fathers.** Fathers who pay regular child support are more involved with their children, providing them with emotional as well as financial support.\(^5\) Reliable child support has a positive effect on children’s achievement in school, and appears to have a greater impact on children dollar for dollar than other types of income.\(^6\) Strengthened child support enforcement reduces divorce rates, especially for couples in which the mother is likely to go on welfare. Child support also appears to deter non-marital births.\(^7\) There is also evidence that regular child support payments may reduce severe conflict between the parents.\(^8\)
• **Child support touches the lives of many working families.** Sixty percent of all single parent families participate in the child support program. The vast majority of program participants are former welfare families or other working families with modest incomes. Sixty percent of program participants receive some form of public assistance, such as TANF, Medicaid, Food Stamps, Supplemental Security Income (SSI), or subsidized housing. Low-income families are significantly more likely to receive child support if they participated in the child support program at some point.

**Child Support Increases Self-Sufficiency.**

• **Child support reduces welfare use.** Families who receive child support are more likely to leave welfare and less likely to return. There is evidence that child support is an alternative to cash assistance—families are less likely to use cash assistance when child support is available. One-fourth of the welfare caseload decline between 1994 and 1996 may have been attributable to child support enforcement. After 1996, the proportion of TANF cases closed with child support increased substantially. Receipt of child support is especially important to help families stabilize their incomes after leaving welfare.

• **Parents with regular child support hold jobs longer.** Parents with regular child support payments are more likely to find work faster and to stay employed longer than those who do not. Child support supplements low earnings and helps families weather a job loss or other financial crisis.

**The Child Support Program Works.**

• **Program performance has improved dramatically.** Child support collection rates have more than doubled since 1996, when Congress overhauled the program as a part of welfare reform. In 2004, 51 percent of families in the child support program received child support, up from 20 percent in 1996. Collected dollars increased from $12 billion to $22 billion. This amounts to an 82 percent increase in collections, despite an 18 percent decline in the child support caseload.

• **The program has especially benefited former welfare families.** Over the past five years, child support collections for former TANF families have increased more than for other families. Between 1999 and 2004, collections for former TANF families increased 94 percent, even though the number of former TANF cases declined 2 percent. By comparison, the number of families who never received welfare declined 4 percent and collections for these families declined 1 percent.
The Child Support Program is Cost-Effective.

- **For every dollar spent, the child support program collects $4.38 in child support payments.** Public dollars invested in the child support program yield more than a four-fold return in child support dollars. Although both collections and costs have increased over the past decade, costs have increased more slowly than collections. Between 1996 and 2004, collections increased 82 percent, while costs increased 75 percent. In 2004, the child support program collected $21.9 billion in child support. Federal and state costs were $5.3 billion. The federal government pays 66 percent of program costs, with states paying the rest.

- **Ninety percent of these dollars were paid to families.** Of the $22 billion collected by the child support program, nearly $20 billion is paid directly to families. In addition, the government holds back $2 billion to help repay TANF and foster care costs.

- **The child support program pays for itself.** The child support program directly decreases the costs of other public assistance programs by increasing family self-sufficiency. A study conducted by the Urban Institute found that the child support program cost $4 billion in 1999, but saved more than $4.9 billion in direct budgetary reductions in federal and state outlays in public assistance programs. The child support program avoided more than $2.6 billion in other programs, including TANF, Medicaid, Food Stamps, SSI, and subsidized housing. In addition, the child support program saved $2.3 billion in recouped TANF and foster care costs.

You Get What You Pay For.

- **Improved performance is related to improved funding.** The research shows that child support performance and funding levels are directly related. Increased investment of federal and state dollars since 1996 has contributed to improved performance. The more effective the child support program, the higher the savings in public assistance costs.

- **If the federal government cut back on its funding commitment, families will receive less child support.** State experience with budget cuts suggests that when funding for the child support program declines, performance declines quickly follow. If the federal government shifts costs to states, state are ill-equipped to make up the difference. The result is likely to be less child support for families and an increase in public assistance use.

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