

# Child Support Enforcement: Match on Incentive Payments has Improved Performance and Increased State Investment

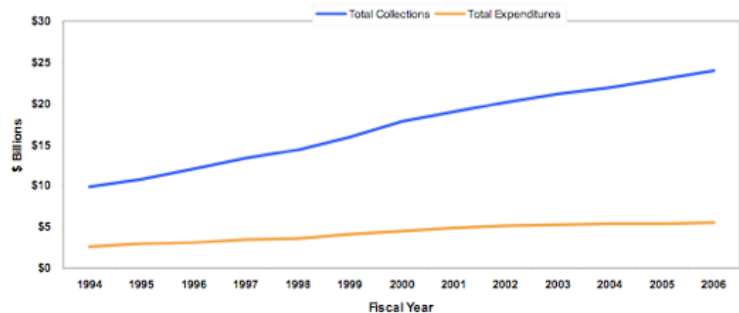
**Background:** In 1998, Congress enacted landmark legislation to improve state child support collection efforts. Ten years later, that legislation has succeeded in increasing state performance, enforcing the responsibilities of non-custodial parents, and providing funds for children in single parent families.

- *The law adopted a carrot and stick approach:* It established five performance measures. If states met or exceeded the measures, they would receive incentive payments. If states fell short, they would be penalized. *The law built on a long line of federal mandates and tools to strengthen child support performance.*
- *The legislative history is clear that Congress intentionally allowed the states to continue receiving Federal matching dollars on the incentive funds. This matching feature has been a part of the child support program for nearly three decades.* The match increased rewards to states that performed well, and increased penalties on states that had ineffective child support programs.
- *The Federal incentive payments were structured to spur additional state investment, not replace it.* States were required to reinvest all federal dollars back into child support collection efforts, and states were required to supplement, and not supplant, other funds used by the state for child support enforcement.

**Results:** State performance, collections and investment have increased significantly.

- *Collections have increased dramatically:* In 1998, states collected \$14 billion and had a mere 23% collection rate. In 2007, states collected \$25 billion and had a 55% collection rate.
- *The child support program now collects \$6.73 for every federal dollar spent, and is rated by OMB as one of the most effective Federal block grant programs.*
- *State and county investment in the program has increased by 76 percent since 1998.* State-only dollars increased from \$815 million in 1998 to \$1,431 million in 2007.
- Congress' decision to allow Federal dollars to match child support incentive payments *does not* set a precedent for other block grant programs. Other programs provide a match to ensure that states contribute to their fair share. *The match on incentive payments was specifically intended to increase rewards and penalties associated with performance.*

## Total child support collections are growing much faster than expenditures.



**Impact of Ending the Match on Incentive Payments:** Over the past decade, the incentive program has resulted in significantly improved performance by states and increased collections for children in single parent families. Unraveling the incentives plan will result in a return to less efficient state programs, lower collections and more non-custodial parents walking away from their responsibility to their kids.

- Because the match on incentives was intended to magnify the system of rewards and penalties, ending the match will result in penalizing the best performing states, and providing little to no incentive for poor performing states to improve.
- CBO estimates that cutting incentives will reduce collections by \$11 billion over 10 years. This will also force many children and single parent families onto other, more costly government programs, including Medicaid, SCHIP and Food Stamps.