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Child Support Funding Stimulates an Economic Recovery

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Reversing the child support cut is well targeted stimulus because:

- Federal child support spending funding is cost-effective. The child support program *collects \$4.73 in support payments for every public dollar spent.*
- Child support disproportionately reaches lower-income families with children who are more likely to spend the money in the community to meet basic household expenses.
- Families spend child support income quickly. State and bank data suggest that 97 percent of child support funds dispensed to family debit cards are spent down by the end of the month.
- Economists like Jared Bernstein, Harry Holzer, and Elaine Sorensen recommend including child support funding in the economic recovery package.ⁱ
- Interviewed parents said that when they receive child support, “I can pay my bills.” If they did not receive the money, they said, “I would be evicted,” “I would lose my home to foreclosure,” “I would have to go to the food pantry.”ⁱⁱ

Reversing the child support cuts would provide state and county fiscal relief and preserve jobs:

- Federal child support spending cuts are hurting state and county budgets already under strain. Governors and county officials can only cut so much before jeopardizing basic responsibilities.
- The cuts are unraveling a decade of progress in one of the most highly-rated federal programs reviewed by the Office of Management and Budget.ⁱⁱⁱ
- Restored child support funding would prevent further cutbacks in services and destabilizing public sector lay-offs. With federal funds, states and counties can quickly rehire staff.^{iv}

Struggling parents rely on child support to cover basic family expenses:

- The child support program is a major part of the federal-state safety net. One in four children—17 million—receive child support services.
- Families will lose up to \$1 billion every year in support payments as a result of deep federal funding cuts made by the Deficit Reduction Act.^v Reversing the cuts now will prevent the loss of cash income to vulnerable families.
- Child support is 30 percent of family income for poor families that receive it. The average child support payment received by low-wage families is nearly \$4,000 per year. When families do not receive this money, they are more likely to need public assistance.
- Noncustodial parents who lose their jobs need help, too. Because of the cuts, one urban county that had 6 staff to adjust orders when parents lose jobs now has only one.^{vi}

ⁱ See Jared Bernstein’s testimony, <http://waysandmeans.house.gov/media/pdf/waysmeanstestimonyfinal.pdf>.

ⁱⁱ Interviewed in Milwaukee, Wisconsin.

ⁱⁱⁱ The President’s 2006 budget stated that the child support program is “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.”

^{iv} Joseph E. Stiglitz, “How to Stop the Downturn” (editorial), Washington Post, Jan. 23, 2008.

^v Congressional Budget Office estimate.

^{vi} Hennepin County, Minnesota.