



## ***Impact of Proposed Reduction in the Administrative Match Rate on State Child Support Enforcement Systems***

The House Budget Reconciliation Bill (H.Con.Res.95) reduces the present administrative match rate of 66 percent for the child support down to 50 percent. Following are reasons why the American Public Human Services Association is in opposition to the proposal.

### ***Critical Financial Support to Children will Be Reduced***

According to the Congressional Budget Office (CBO), the reduction in the match rate will reduce collections by over \$21 billion in a ten year period. This is almost the same amount that the system presently recovers in one single year and for every dollar invested in the program, \$4.38 were collected. Reducing the investment will result in reduced collections. Fewer dollars will go to children and will jeopardize services to families such as establishing paternity, collecting owed child support on behalf of children, responding to inquiries on status of cases, identifying health insurance available to the child, working with fathers, and supporting marriage activities. With reduced funding, states will also have no choice but to reverse present trends in the program that encourage individualized case management, passing through more of the states' share of collections onto families, and identifying health insurance for children. In fact, the percentage of child support cases where medical support was ordered increased from 32.2% in FY 2000 up to 47.5% by 2004. A reduction in administration will hinder these exemplary improvements.

### ***It Contradicts the White House PARTS Assessment that the Child Support System Should be Federally Led with No Changes in its Present Design.***

In its assessment of the Child Support Enforcement Program (CSE) using the Performance Assessment Rating Tool (PART), the Office of Management and Budget (OMB) stated that the program is "...logically designed as a federal/state partnership. Expenditures are shared based on the federal financial participation rates specified in the Act...Because of interstate issues, a federally led system is necessary." No strong evidence suggests that another system would work better than the current design." Although the federal government provides an increased match rate, unlike other federal match programs over one billion a year is actually returned to the federal government through collections. In fact, in its last assessment, OMB recommended a 5% funding *increase* to the Child Support program of \$4.1 billion because of its effectiveness.

### ***Food Stamps, Medicaid, SCHIP, and TANF Rolls and Expenditures will Increase***

Unlike other programs, Child Support Enforcement must provide services to every parent who applies, not only to public assistance referrals. Child support keeps many families above the poverty line and less reliant on government assistance. Even before increases in collections after full implementation of welfare reform, a federally-sponsored study in 1999 found that the federal government spent \$4 billion on the child support system but saved \$5 billion in federal and state costs to other human services programs. In this report, child support enforcement saved the federal Food Stamp program \$936 million, the Temporary Assistance for Needy Families program (TANF) \$735 million, and the Medicaid program \$588 million. Health insurance and/or medical support payments provided by the non-custodial parent may eliminate the need for Medicaid coverage or reduce the costs of providing coverage and child support income may render a person financially ineligible for Medicaid.