

Child Support Collections for Current and Former TANF Families: Rethinking Distribution

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Project Overview

- *Building the Next Generation of Child Support Research*
 - Sub-study on *Child Support Distribution Policy*
- Funded by the U.S. Department of Health and Human Services, Office of The Assistant Secretary for Planning and Evaluation



Overview of Distribution Policy

- Public assistance recipients assign rights to child support agency
 - “Retained collections” – cost recovery for welfare expenditures
- Two types of retained collections
 - ***Current assistance (current TANF recipients)*** – collections of current support due and debt
 - ***Former assistance (former TANF)*** – collections on debt only
- States and federal government each keep a share of retained collections
- States have option to pass-through collections to families on TANF



Distribution Policy – Recent Trends

- 1996 welfare reform and 2005 Deficit Reduction Act included provisions that tried to get more money to families
- Half the states pass through some amount to current assistance families
- No states pass through state-owed debt (debt accrued while custodial parent was on TANF)
- Ongoing discussion of policy changes



Distribution Policy – Recent Trends

Potential benefits of changes in distribution policy

- Aligns with increased focus on family self-sufficiency
- Better compliance
- Reduced administrative complexity
- Cost avoidance

Despite benefits, little recent changes in policy, except...

- Colorado moves to full pass-through of current support
- Several other states have expanded pass-through of current support



Study Goals and Approach

Study goals

- Factors influencing potential policy changes
- Recent changes in the states
- Implications of policy changes
- Areas for future research

Study approach

- Conversations with current IV-D Directors, former OCSE Commissioners, and policy experts
- Site visit to one state



Current vs. Former Assistance

- Most policy change has focused on ***current assistance***
 - Pass-through and disregard can supplement TANF checks
 - Create additional steady income and promote self-sufficiency
 - Relatively inexpensive, especially with declining caseloads

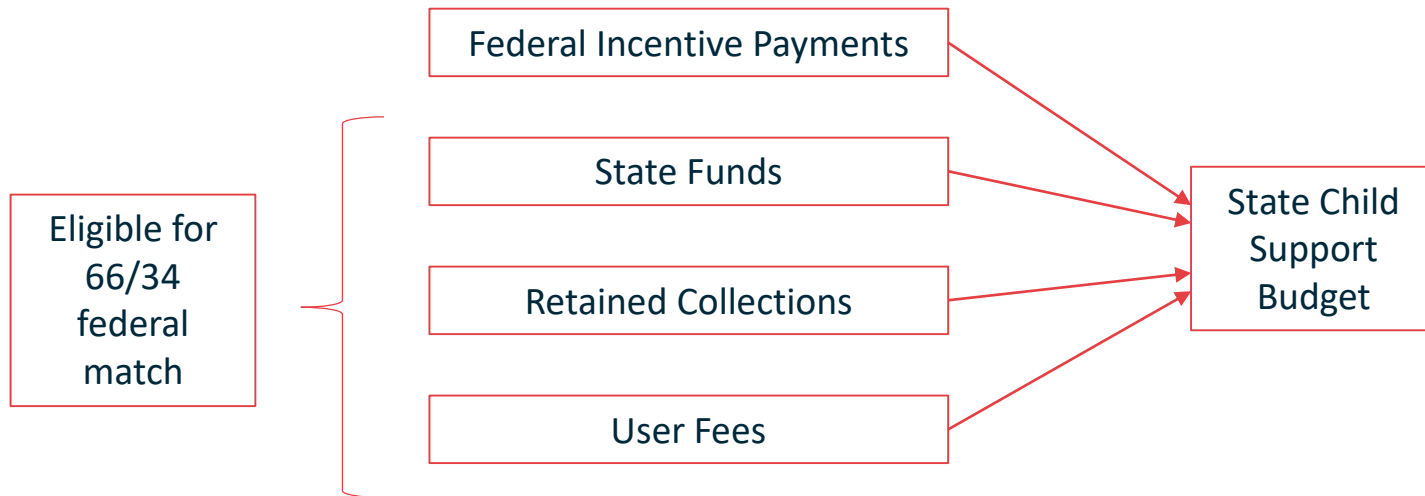
But...

- Greater agreement on ***former assistance***
 - Help families stay off TANF
 - Reduce complexity of distribution
 - Large budget implications for many states



State Financing is Key

Child Support Funding 101

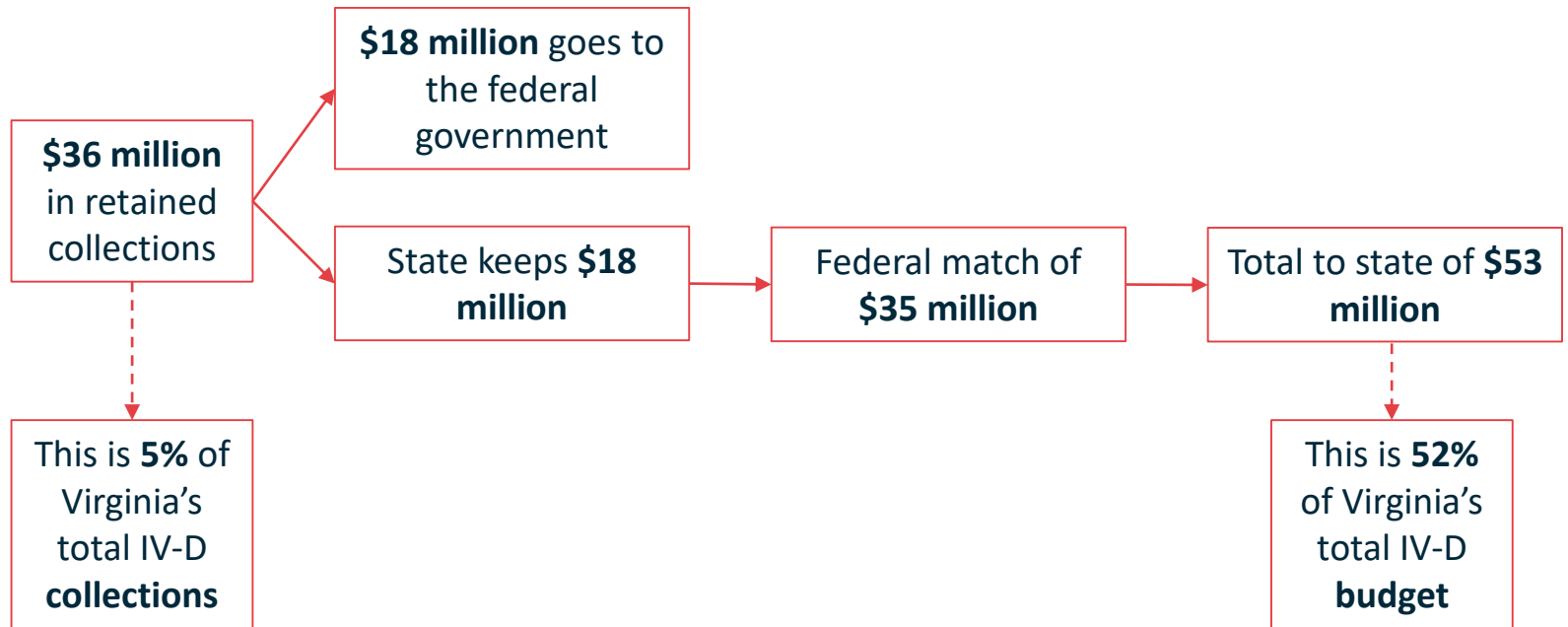


**Any reduction in retained collections
has large implications for overall IV-D
budget**



Retained Collections: The Virginia Example

Example courtesy of Craig Burshem, VA IV-D Director



Any increase in distribution:

1. Reduces funds available for match
2. Requires new investment from state general fund

Operational Implications

Updating Systems

- Complex for states with no existing pass-through
- Costly for states with legacy systems
- Requires corresponding updates on TANF side

Messaging the changes

- Custodial parents
- Noncustodial parents
- Staff
- Policymakers



Conclusions

Changes to distribution policies could support family self-sufficiency

Reductions in TANF caseloads have reduced the costs of pass-through policies

Near-term costs of increased distribution are impediment to policy change

Updated information on the financing of state child support programs is needed



Questions

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