



Milwaukee County

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For Immediate Release
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NATIONAL EFFORT UNDERWAY TO RESTORE CHILD SUPPORT FUNDING

Senator Herb Kohl embraces NACo initiative, introduces legislation

Washington, D.C. – Led in part by Milwaukee County Supervisor Richard D. Nyklewicz, Jr., the National Association of Counties’ (NACo) Board of Directors is urging the federal government to restore full funding for child support programs. In response to the request from NACo, the U.S. House of Representatives’ Ways and Means Committee held a hearing on the matter Tuesday morning. In addition, U.S. Senator Herb Kohl (D-Wisconsin) has formally introduced legislation to reverse the cuts in child support funding.

“As a member of the Wisconsin Counties Association, I visited Washington this week to join my NACo colleagues in urging Congress to restore funds that were cut from the child support program under the Deficit Reduction Act,” said Supervisor Nyklewicz, 1st Vice Chairman of the Milwaukee County Board. “These reductions undercut State and County progress in establishing child support for families. We’re trying to reverse this trend and help the millions of children whose families depend on payments to meet daily living expenses.”

After Hurricane Katrina, Congress paid for recovery costs by cutting spending on many human services programs, including child support. When families do not receive child support, they need more help from public assistance programs. Conservative estimates from the Congressional Budget Office reveal that, if Congress does not repeal or modify the child support provisions, federal administrative support for the program will be reduced by at least \$1.6 billion over the next five years and families will lose \$8.4 billion over the next decade.

“In Wisconsin, we see returns of over four dollars for every dollar invested in this program,” Supervisor Nyklewicz added. “It also reduces costs in other programs, such as food stamps, Medicaid, and the Temporary Assistance to Needy Families program.”

Supervisor Nyklewicz serves on the NACo Board of Directors, which adopted the resolution at its annual legislative conference in Washington, D.C. this week.

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Human Services and Education Steering Committee

Proposed Resolution on Restoring Federal Child Support Cuts

Issue: Despite overwhelming evidence that investments in the federal child support program are cost-effective and administration of the program is efficient, last year's Deficit Reduction Act (DRA) cut funding to the program in order to achieve budget savings.

Proposed policy: NACo urges Congress to restore the cuts to the child support program made under the Deficit Reduction Act. The cuts will undercut state and county progress in establishing child support for families and ultimately will affect millions of children whose families depend on the payments to meet daily living expenses.

Background: Soon after Hurricane Katrina, Congress decided it needed to find savings throughout the federal budget to help pay for recovery costs and to make a down payment on the debt. Specific congressional committees were instructed to craft legislation to find savings. The House Ways and Means Committee, which has jurisdiction over many human services programs, was told to find over \$8 billion in savings - an eight-fold increase in savings, post-Katrina.

Under great pressure to achieve a budget savings number, policy considerations were sometimes secondary. Legislation proposing the child support cuts had not been introduced in either the House or Senate, nor had the administration proposed them. The cuts were as follows:

In order to improve the administration of the child support program, Congress established a competitive incentive program for good performance. Funds earned are required to be re-invested in the system. Additionally, the law was crafted to allow states and counties to use the payments toward leveraging additional federal investments in the program. The system has allowed states and counties to double their collection rates over the past ten years. Other federal initiatives, such as programs supporting marriage, also allow re-investment of federal dollars as match. Effective October 1, 2007 states and counties will be prohibited from this practice under the child support program.

The imposition of a collection fee discourages parents from participating in the child support program and will, coupled with the reduced collections, increase the likelihood of families remaining on or needing public assistance. When families do not receive child support, they need more help from public assistance programs. Some states and counties may choose to waive the fee and absorb the costs in order to encourage parents to participate and/or because it may be cost-effective than the costs of charging the fee.

To encourage paternity establishment, the federal government has provided a 90 percent match for those costs. The DRA reduced the match to 66%. This decrease reduces states' ability to establish parentage. When children are deprived of the right to two parents, the door to Social Security, pension/retirement benefits and health insurance, opportunity for extended family ties (especially the critical father/child relationship) and access to critical medical history and genetic information is closed to them.

If Congress does not repeal or modify the child support provisions, federal administrative support for the program will be reduced by at least \$1.6 billion over the next five years and families will lose at least \$2.9 billion in uncollected support over the first five years and \$8.4 billion over the next ten years.

Those conservative estimates by the Congressional Budget Office assume that states and counties will be able to backfill half of the funding loss.

The program supports children and families, promotes personal responsibility and, in an average state, returns over \$4 per \$1 invested in it. It also serves to reduce costs in other programs, such as the Temporary Assistance to Needy Families program, food stamps and Medicaid. Consequently, the administration rates the program as one of the highest rated federal programs "due to its strong mission, effective management, and demonstration of measurable progress." More than 17 million children were served by child support in 2005 - more children than any other public program except public education.

Fiscal/Rural/Urban Impact: Due to the multiplier effect of the re-investment of the incentive payments, the loss of those funds will result in counties experiencing double digit funding losses to support the administration of the program. Due to the staffing cuts that would be required, the loss of financial support going to families will be magnified even further.

The impact of the imposition of an administrative fee and the reduction in the genetic testing match is relatively small compared to the incentive payment matching prohibition. Any loss, however, lessens the ability of agencies to pursue and enforce support orders.

Sponsors: Supervisor Richard Nyklewicz, Jr., Milwaukee County, Wisc.
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