

THE CHILD SUPPORT ENFORCEMENT PROGRAM: A CRITICAL INVESTMENT FOR CHILDREN'S SUCCESS

THE RHODE ISLAND OFFICE OF CHILD SUPPORT SERVICES (OCSS) operates the federally mandated Child Support Enforcement Program. It ensures that parents meet their obligations to support their children and pursues child support and medical support orders from non-custodial parents. The vast majority of children in the child support system are children of low-income working parents.

State investments in the child support enforcement program are cost effective. The federal government reimburses sixty-six percent of administrative expenses. In 2007, the cost of the program was \$11 million with \$3.7 from general revenue. For every dollar the state spent it collected \$5.65 in child support and “cash medical” to distribute to families or reimburse the state for cash assistance from the Family Independence Program (FIP) and RIte Care medical coverage.¹



SERVICES PROVIDED BY THE OFFICE OF CHILD SUPPORT SERVICES

Over 85,000 Rhode Island children receive child support services from OCSS.² OCSS provides four main functions: 1) locating non-custodial parents, 2) establishing paternity, 3) establishing child support and medical support orders and 4) enforcing and collecting on these child and medical support orders.

OCSS acts on behalf of children who receive public benefits and its services are also available to families that do not receive public benefits for a fee of \$20. Custodial parents of children receiving FIP cash assistance or RIte Care are required by federal and state law to cooperate with the Office of Child Support Services in establishing child support and/or medical support orders for their children receiving assistance. Most child support collected on behalf of children receiving FIP cash assistance and all cash medical payments collected on behalf of children receiving RIte Care are retained by the state and shared with the federal government. Families receiving FIP receive the first \$50 of on-time support collected each month from the non-custodial parent. As of 2007, parents receiving subsidized child care services are required by state law to cooperate in establishing child support orders for all children in the family, whether or not the child participates in the subsidized child care program.

OCSS also has a number of initiatives for non-custodial parents including: referral to job placement and training for parents who are unemployed or underemployed, and assistance for incarcerated parents in modifying or suspending support orders to reflect current ability to pay.



WHY CHILD SUPPORT IS IMPORTANT

Child Support is a Critical Source of Income for Low Income Families

Child support is an important factor in lifting families out of poverty. Child support is the second largest source of income for single-parent families with poverty level income and helps low-income families make ends meet.³ (Chart 1)

In Rhode Island, the average child support order for children not receiving FIP cash assistance was \$342/month in 2007. For a single parent earning entry-level wages of \$9/hr, this represents twenty percent of monthly income. The child support program also secures private health care coverage for children through their parents' employers.

Child Support Helps Custodial Parents Leave Welfare and Maintain Work

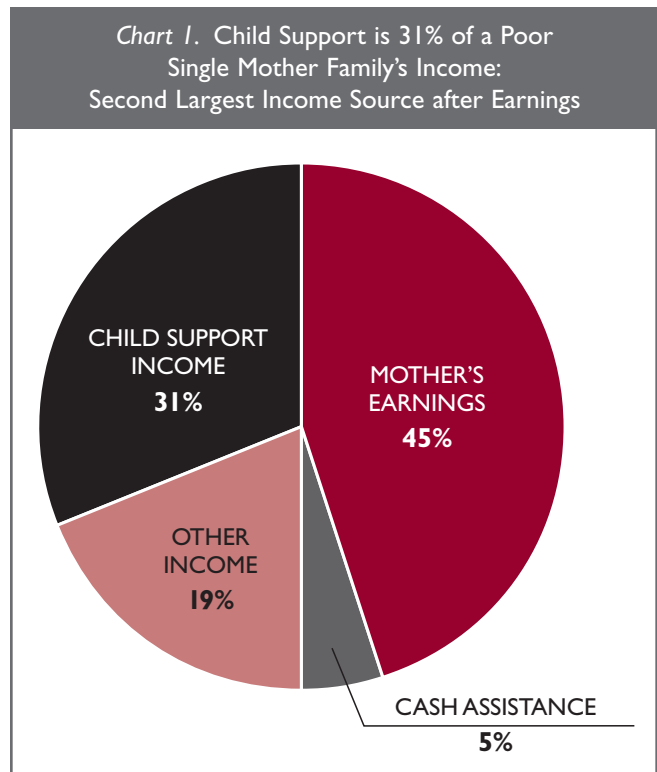
Studies have shown that parents receiving cash welfare payments who receive regular child support payments are more likely to find work faster and to stay employed longer than those who do not.⁴ Child support supplements low earnings and helps families weather a job loss or other financial crisis.⁵ In addition, child support reduces welfare use – families who receive child support are more likely to leave welfare and less likely to return.⁶ As explored in more detail later in this report, over fifty percent of the Rhode Island child support caseload is comprised of families that previously received FIP cash assistance, highlighting the important role that child support plays in helping families become

more self-reliant. Studies also show that families are also less likely to turn to cash assistance when child support is available.⁷

Child Support Is Important to Children's Well-Being

Research shows that children who receive child support do better in a number of ways than children who do not receive such support. Receipt of child support has a positive effect on children's achievement at school and fathers who pay support are more involved with their children.⁸

Establishing paternity is not only critical as the first step in establishing a support order and a connection between fathers and their children. It also provides the child with important medical information, inheritance rights and access to social security benefits.⁹



Source: Vicki Turetsky, July 2007 Presentation: *Child Support: Preserving and Expanding a Decade of Progress*, Center for Law and Social Policy. Citing Urban Institute analysis of the March 2006 Current Population Survey.

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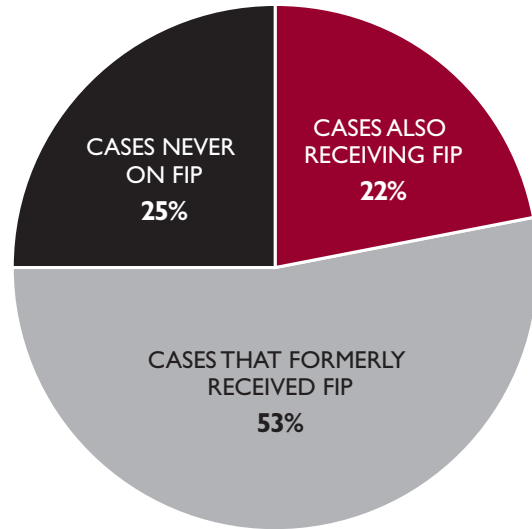
WHO BENEFITS FROM THE CHILD SUPPORT ENFORCEMENT PROGRAM?

In 2006, there were 58,082 child support cases. The majority of cases were families who were not receiving cash assistance. Over half (53%) were

families for whom a child support order was entered when they received FIP and who were able to make the transition off cash assistance. Twenty-five percent were families that had never received FIP and accessed the services of the Office of Child Support Services to establish orders for children in the family for a \$20 fee. The balance were cases receiving FIP cash assistance for whom the OCSS sought child support and medical support orders. (Chart 2)

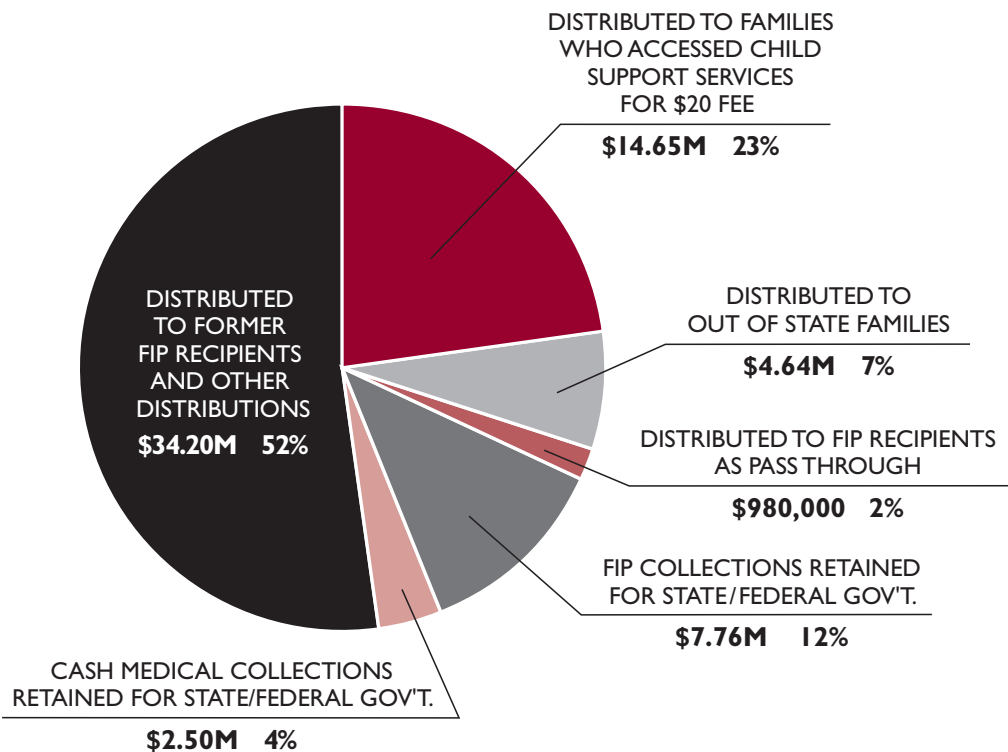
In 2007, \$78.5 million was collected from non-custodial parents and \$64.7 million was distributed as described in Chart 3. Of the \$64.7 million distributed, approximately \$54.5 million was distributed to children as current support. This included \$34.30 million for former FIP recipients, \$14.65 million to families who

Chart 2. Rhode Island Child Support Caseload
Federal Fiscal Year 2006 Total Cases: 58,082



Source: Rhode Island Department of Human Services, (2007) Family Independence Program Annual Report

Chart 3. Child Support Distributions by Case Type
Calendar Year 2007 Total: \$64.7 million



Source: Rhode Island Department of Human Services, Office of Child Support Services, January 2008 and Poverty Institute calculations

The Poverty Institute

at the Rhode Island College School of Social Work

access child support services for a \$20 fee, \$4.64 million to out of state families where the custodial parent resides in Rhode Island and almost \$1 million to current FIP recipients. The state shared \$7.76 million with the federal government in reimbursement for FIP cash assistance and \$2.5 million for reimbursement for RIte Care.¹⁰

There was \$13.8 million collected but not distributed as current support. This amount included payment of arrearages and payments to custodial parents for medical expenses. In addition, some of the collections could not be distributed because OCSS did not have a current address for the custodial parent.¹¹ To help address this problem, OCSS has instituted a new debit card system whereby all child support payments will go directly to a debit card, “the Rhode Island Kids Card,” that the custodial parent can use at point of sale locations and ATMs across the state. This debit card system, along with a direct deposit option for payments, will help to reduce future unpaid collections.

Families Receiving FIP Cash Assistance

In 2007, the average child support order for families receiving cash assistance was \$257/month. However, families receiving cash assistance receive only the first \$50 of the court ordered support paid on time each month by non-custodial parents. The family receives only one payment even if there is more than one non-custodial parent and each pays on time. In 2007, an average of 1,686 families received this child support “pass through.”¹²

The balance of the child support collected was retained by the state to reimburse the cost of FIP benefits. In 2007, OCSS collected \$8.7 million from non-custodial parents whose children received FIP. One million dollars was passed through to the children and the state retained the balance of \$7.7 million, remitting \$4 million to the federal government.¹³

Of the roughly 10,000 child support cases where the family is also receiving FIP cash assistance, only eleven percent of the families receive a \$50 monthly “pass through” payment.¹⁴ Studies have shown that non-

custodial parents are more likely to pay their child support obligations when they know that the money is going directly to their children. Welfare recipients who receive child support are more likely to leave welfare for work, stay off of assistance and have income above the federal poverty line.¹⁵

In 2006, the federal government enacted a change to the child support program designed to encourage states to “pass through” more child support to families receiving cash assistance. As of October 1, 2008, the federal government will waive its share of child support collections when the state “passes through” and disregards support, up to \$100/month for one child and \$200 for two or more children. A recent study of the potential impact of these policies concluded that if all states adopted the federally allowed maximums, the average amount of child support distributed to cash assistance families would more than double, from approximately \$337 to \$806 a year. This significant increase is projected both because of the dollar increase and also the increase in the number of non-custodial parents projected to pay their ordered support through the system since more of their payments would be going to their children.¹⁶

A parent with 2 children receives \$554/month in FIP cash assistance. The current \$50 “pass through” brings that family’s income to sixty percent below the federal poverty level. If the state opted to provide the \$100 “pass through,” it would increase the family’s income by fifteen percent.



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PROTECTING VICTIMS OF DOMESTIC VIOLENCE

Parents who receive FIP cash assistance or child care subsidies for their children are required to cooperate with the Office of Child Support Services to establish a child support order, unless they can establish “good cause” to decline to participate. “Good cause” includes proving that the parent or child would be at risk of physical or emotional harm because of domestic violence. In 1997, Rhode Island established the Domestic Violence Advocacy Project run by the Rhode Island Coalition Against Domestic Violence. If a parent indicates that cooperation with the child support process would put her or her children at risk because of a domestic violence situation, the parent is referred to the Project where an advocate provides safety counseling, determines whether the circumstances warrant a “good cause” exemption from the child support process and makes a recommendation to the state agency of its findings.

A parent who has experienced domestic violence may still choose to proceed with the child support process but want to assure that her address is not revealed to the abuser. In this circumstance, OCSS will mark the file “FV” so that anyone who accesses the file locally or from a national database knows to keep the address confidential. OCSS will also request to have court documents sealed so the address is protected.

Parents who receive RIte Care medical coverage for their children are required to cooperate with OCSS in establishing a medical support order. A parent may claim “good cause” not to cooperate because of domestic violence, but the services of the Domestic Violence Advocacy Project are not available to her and she must prove the claim on her own. She is also denied the safety-planning services provided by the Project. Parents who are required to establish a medical support order are also offered the opportunity to establish a child support order. Women who are fearful of abuse may not pursue child support. If the services of the Domestic Violence Advocacy Project

were offered to these parents, medical support cooperation might increase and child support for the children could be secured.



SERVICES FOR NON-CUSTODIAL PARENTS

OCSS provides a number of services to non-custodial parents who are unable to pay child support due to unemployment, underemployment, loss of employment or reduction in wages. These services include referral to the Department of Labor and Training for job training and job placement services and assistance in filing a motion to modify an existing child support order if the parent’s employment situation has changed.

OCSS also works with the Adult Correctional Institution to help incarcerated parents suspend or modify their child support orders to reflect current ability to contribute to their children’s support. In this way, the parent can avoid the accumulation of a large arrearage when he is re-entering the community. By minimizing child support debt, it is more likely that when a father re-enters the community, he will participate in the mainstream workforce and be able to meet current support obligations. Policies that encourage fathers to keep steady employment and connect with their families can lower recidivism rates.¹⁷





MEDICAL COVERAGE

In addition to establishing orders for child support, the Office of Child Support Services establishes orders for medical support. In federal Fiscal Year 2007, there were 14,928 court orders to include children in a parent's medical insurance and 6,265 orders to pay for medical coverage. A total of \$728,762 was disbursed to custodial families to offset the cost of private coverage or other medical expenses and \$2.5 million was collected from non-custodial parents to offset the cost of RIte Care coverage for children.¹⁸

Both state and federal law require any order for child support to include a provision requiring either or both parents to obtain health insurance coverage for the child when coverage is available to the parent(s) through their employment at a reasonable cost. Reasonable cost is defined as less than five percent (5%) of the parent's gross income. The medical order is enforced through the National Medical Support Notice (NMSN) system, which is issued to the covered parent's employer. If health coverage is available, the employer's health care plan administrator must enroll the child, and any applicable premiums are deducted from the employee's wages. An employer can be fined \$100 plus penalties for failure to follow the NMSN.

If the cost to the non-custodial parent is in excess of the five percent reasonable cost, the court may order the non-custodial parent to contribute a "cash medical" payment toward the cost of health insurance for the child. This cash medical payment may be used to reimburse the custodial parent for insurance provided through his/her employer or if no insurance is avail-

able, to help the custodial parent pay for out of pocket medical expenses. In federal Fiscal Year 2007, \$728,762 in cash medical was disbursed directly to custodial parents to offset the cost of private coverage or other medical expenses.¹⁹

If a child is receiving RIte Care medical assistance coverage, the OCSS automatically seeks a medical support order from the non-custodial parent. If the non-custodial parent can obtain private medical coverage for the child through his employer at a reasonable cost, then he is required to do so. If the parent is not able to obtain insurance at a reasonable cost, then the court may order him to pay a cash medical payment which the state will retain to help defray the cost of RIte Care coverage. For federal Fiscal Year 2007, \$2.5 million in cash medical payments were collected by the state to offset the cost of RIte Care, approximately 58% of which was remitted to the federal government.²⁰

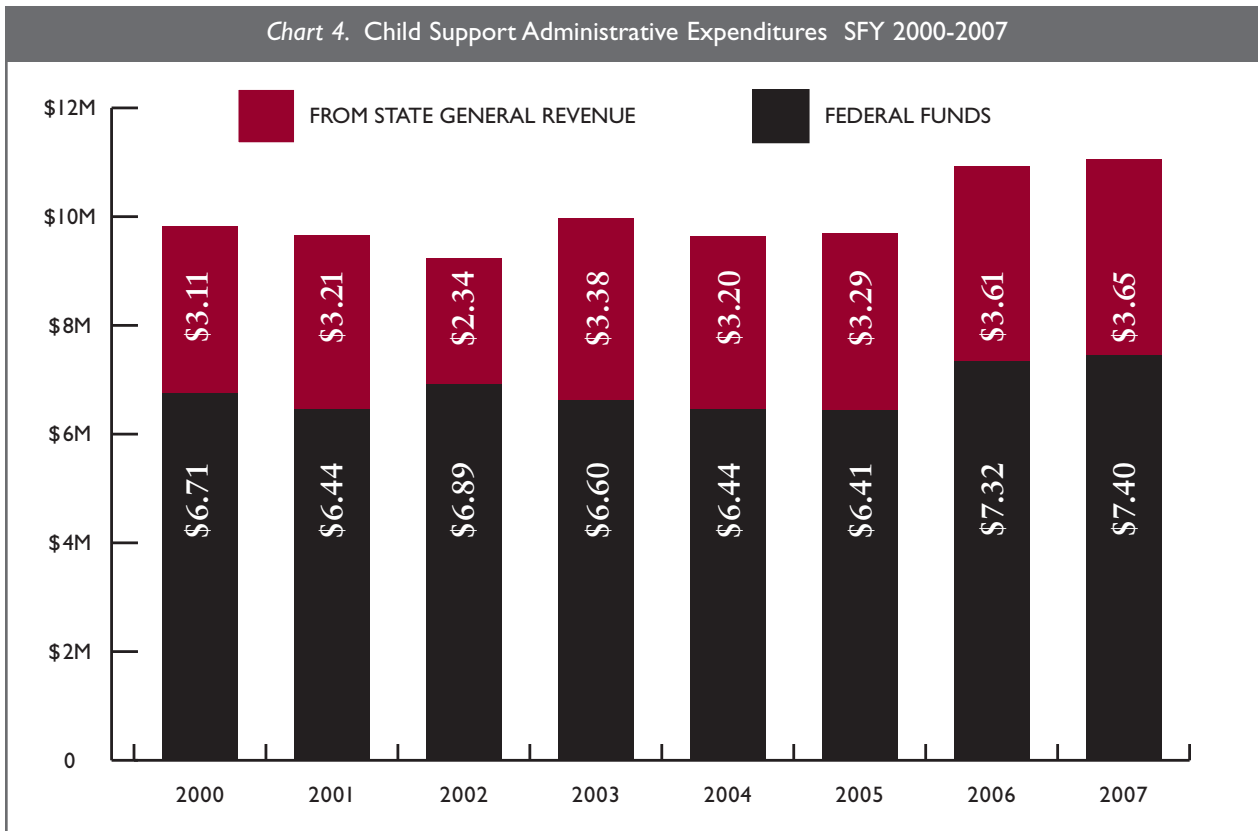


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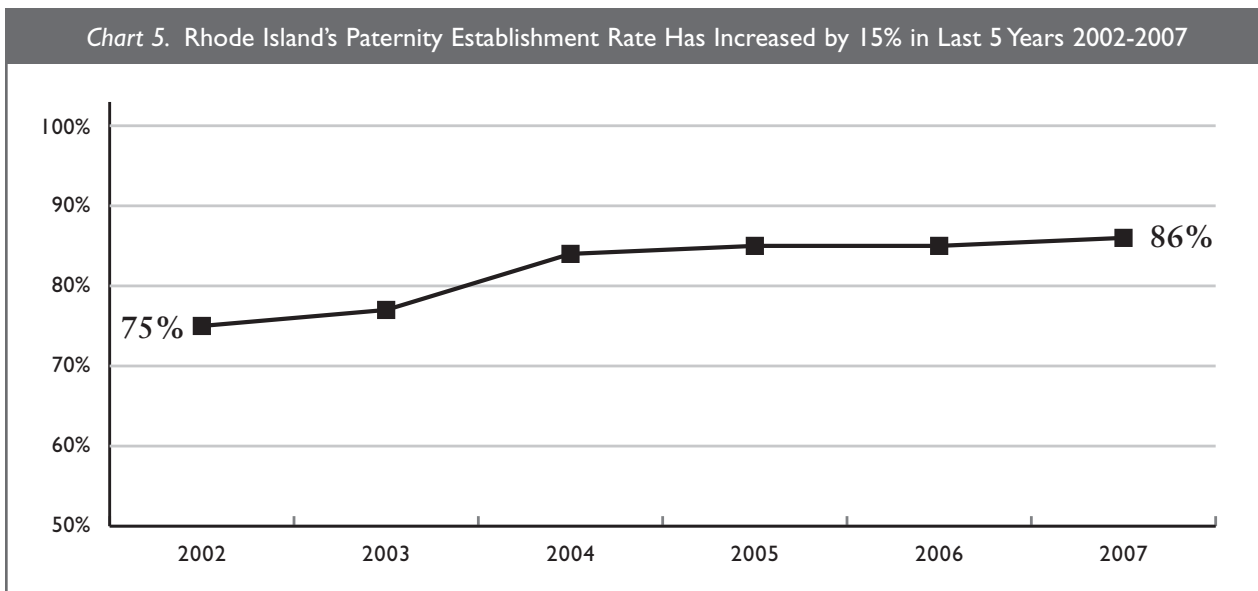
The State Child Support Enforcement Program is funded primarily by the federal government. Sixty-six percent (66%) of OCSS administrative expenses are reimbursed by the federal government. In state fiscal year 2007, Rhode Island's child support program cost \$11.05 million total, including \$3.65 million from general revenue.²¹ (Chart 4)

State investments in the child support enforcement program are extremely cost effective. In 2007, the cost of the program was \$11 million with \$3.7 from general revenue. For every dollar the state spent it collected \$5.65 in child support and "cash medical" to distribute to families or reimburse the state for FIP cash assistance and RIte Care.

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Source: Rhode Island State Operating Budgets for Fiscal Years 2003, 2005, 2006, 2007. www.budget.ri.gov



Source: Rhode Island Kids Count Fact Book, 2008.



IMPROVING THE EFFICIENCY OF OCSS

In the last five years, OCSS has made a concerted effort to increase Rhode Island's paternity establishment rates by instituting a voluntary paternity establishment program and annually training hospital staff about strategies to increase paternity establishment immediately after the baby's birth. The result has been extremely positive with a 15% increase in the paternity establishment rate, putting Rhode Island in line with the national average of 87.1%. (Chart 5)

Rhode Island's collection rate of 59.2% in 2006 was also close to the national averages of 60.4%. However, the state's order establishment rate (percent of cases with child support orders) of 58.6% lagged behind the national rate of 77.4%.²² Rhode Island's establishment rate was also significantly lower than the other New England states. (Graph A)

As Graph A shows, Rhode Island spends less per case than any other New England state on its Child Support Enforcement System. At the same time, Rhode Island has the highest number of cases per worker. There is an inverse correlation between the percent of cases with orders established and the number of cases per full-time equivalent staff. As Chart 6 shows, Rhode Island's staffers carry far more cases than other New England states and Rhode Island has a much lower order establishment rate.

Since 2006, OCSS has lost 29 staff, close to thirty percent of its employees, due to retirement, unfilled vacancies and mandatory layoffs. At the same time, OCSS's responsibilities have increased with the new state law requiring that all parents receiving child care assistance cooperate in establishing child support. The result is that child support workers currently have at least 1,500 cases each, with some carrying as many as 2,100 cases, nearly triple the number in 2006.²³

Another reason for the state's lower order establishment rate is its high "locate" percentage. Roughly a quarter of the 58,000 cases (14,500) are currently in "locate" status, meaning that OCSS has not been able to find the non-custodial parent. Paternity cannot be established if it has not already been acknowledged, and

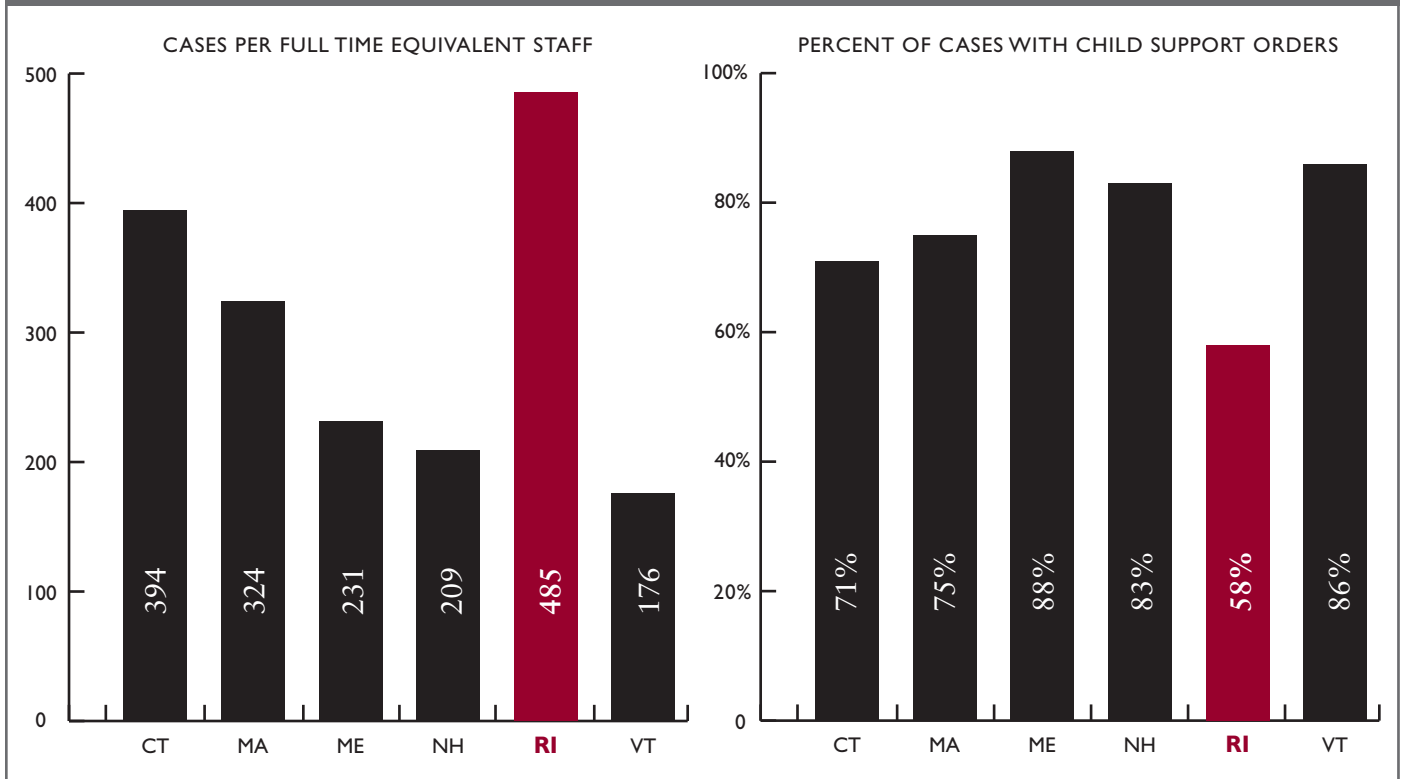
Graph A . Comparison of New England Child Support Programs, Federal Fiscal Year 2006

	Collections Distributed (in Millions of Dollars)	Total Expenditures (in Millions of Dollars)	Full Time Equivalent Staff	Total Caseload	Cases per Full Time Equivalent Staff	Percent of Cases with Child Support Orders	State Spending per Case
CONNECTICUT	\$238	\$68	513	202,174	394	71%	\$336
MASSACHUSETTS	\$482	\$90	842	273,213	324	75%	\$329
MAINE	\$101	\$25	290	67,045	231	88%	\$373
NEW HAMPSHIRE	\$82	\$19	176	36,747	209	83%	\$517
RHODE ISLAND	\$55	\$12	120	58,171	485	58%	\$206
VERMONT	\$46	\$12	129	22,711	176	86%	\$528

Source: US Department of Health and Human Services (2006) Administration for Children and Families, Office of Child Support Enforcement, FY2006 Preliminary Report, March 2007. http://www.acf.hhs.gov/programs/cse/pubs/2007/preliminary_report/ and Poverty Institute calculations.

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Chart 6. Child Support Cases per Staff Member Compared to Cases with Established Orders Federal FY2006



Source: US Department of Health and Human Services (2006) Administration for Children and Families, Office of Child Support Enforcement, FY2006 Preliminary Report, March 2007. http://www.acf.hhs.gov/programs/cse/pubs/2007/preliminary_report/ and Poverty Institute calculations.

neither child support nor medical support orders can be entered for these cases. Of these “locate” cases, twenty-five percent are cases where the children are receiving FIP cash assistance.²⁴ OCSS is working on innovative ways to use technology and other tools to locate these non-custodial parents. With the pending loss of children’s entitlement to FIP cash assistance, it is more important than ever to assure that these children are receiving support from their parents.



RECOMMENDATIONS

Increasing participation in the child support enforcement system and improving efficiencies of the OCSS are vital to improving the well being of Rhode Island’s children and the state’s budget. We encourage policy makers to:

- Increase the establishment and collection of child support and medical support orders by increasing investments in infrastructure and staffing.
- Improve protection for all victims of domestic violence by extending the services of the Domestic Violence Advocacy Program to parents applying for RIte Care.
- Increase the standard of living for children receiving FIP cash assistance by increasing the “child support pass through” to the amounts encouraged by federal law.

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