



## **Resolution for Necessary Child Support Legislation Due to COVID-19 Program Impacts**

### **Introduction**

The COVID-19 crisis has dealt a triple blow to the child support program. First, the growing economic disruption is affecting millions of workers who owe child support and their families who rely on that support for self-sufficiency. There is a critical need for child support services as a result of COVID-19, including new employment program services.

Second, child support programs across the country have been forced to change operations in response to shelter in place orders and physical distancing protocols. It is not known when and to what extent programs will be able to resume in-person services. Court closures have caused additional significant programmatic delays. There is and will continue to be a diminished capacity to provide child support services, resulting in a crucial need for flexibility in the federal performance requirements of the child support program.

Third, the fiscal impact to the child support program must be addressed. There will be a drastic reduction in state and tribal revenue due to the COVID-19 financial impact. To meet the immediate needs of families, child support programs will need replacement federal funding to guard against the reduction of services. Additionally, for performance and efficiency reasons, child support programs must have increased funding for aging technology so that programs have the technological capacity to adapt to new norms as required by current and future COVID-19 restrictions.

### **Background**

For more than 45 years, the child support program has been critical to the economic security of families. It has been one of the most effective anti-poverty programs in the country, pulling more than one million families above the poverty line each year. Moreover, it ranks as one of the most cost-effective social programs in government that works to encourage responsible parenting, family self-sufficiency, and child well-being.

The economic impact of COVID-19 makes the child support program even more important in the next two years and beyond to our nation's most vulnerable families.





There is a need for legislation now to allow for 1) program flexibility and increased funding so the programs can continue serving families; 2) employment services funding so child support programs can help parents obtain jobs to have the ability to pay support; and 3) funding for technology so programs can provide virtual and other services as demanded by COVID-19 restrictions.

### *Program Flexibility and Funding*

COVID-19 has significantly impacted the ability of child support programs to meet the child support program performance mandates set forth in Title IV-D of the Social Security Act (Act). For example, the Act sets forth minimum requirements for paternity establishment yet COVID-19 hospital restrictions have compromised the program's in-hospital paternity establishment process. The Act also requires programs to take enforcement actions—such as reporting parents with past-due child support to credit bureaus or intercepting federal tax refunds and recovery rebates—when those actions may actually impair an involuntarily unemployed parent's ability to remain self-sufficient and pay support on a regular basis. Further, many deadlines in the Act and implementing regulations for child support programs are now unrealistic with closed offices and courts and staff working from home, combined with the substantial increase in requests for child support services due to unemployment.

Stability of funding is also a deep concern. The child support program is funded by three sources: federal financial participation of 66%, federal performance-based payments, and local financial participation of 34% by the state or county. COVID-19 will have a substantial impact on local government budgets and significantly lower the amount that they will be able to contribute for the local share. Since the financial stability of child support programs will be compromised due to COVID-19, NCSEA believes that federal financial participation rate of up to 100% is needed for the next two years to prevent decreases in program services. In addition, any penalties for failure to meet performance mandates set forth in Title IV-D of the Act should be waived.

### *Employment Programs*

Millions of Americans have lost their jobs as a result of COVID-19 and further economic impacts are expected. NCSEA has long recognized the importance of improving the capacity of unemployed and underemployed noncustodial parents to earn income and support their children—now even more so. Increasing support of children in many cases depends on improving the noncustodial parent's employment situation rather than using aggressive collection enforcement actions. And many parents contact their child support





program for help when they lose employment, making the program a natural fit for employment programs.

Currently, employment programs for noncustodial parents are not eligible for the 66% federal financial participation rate for other program expenses. NCSEA strongly supports legislation to provide, at state option, 66% federal financial participation rate for work activity programs. The policy has been supported by both the Trump and Obama administrations and enacting it now will provide critical resources to get Americans back to work post-COVID-19.

### *Technology*

In response to COVID-19 restrictions, most child support programs were forced to change operations and attempt to provide necessary services by staff working from home. These changes have been difficult with compromised effectiveness and, in some cases, impossible due to outdated child support automated systems and other program information technology. Instead of state programs having the ability to quickly adapt to changes required by COVID-19, states with aged systems are falling woefully behind in providing services, to the detriment of families and children.

Most state child support programs still use systems built with technology from the late 1980s; coded in outdated COBOL language; and sitting on mainframe systems. The average age of state child support systems is 19.7 years and workers in several states still operate on “green screens.” Even before the COVID-19 crisis, few states had the financial capacity to rebuild their aged systems.

Congress has previously recognized the value of investment in technological infrastructure through enhanced federal funding for systems when it provided 90% federal financial participation rate in 1988 for the initial development and building of child support systems. More recently, Congress invested in 90% federal funding for other health and human services system builds, recognizing both the value of the systems themselves and of federal financial incentives to help states move forward quickly to implement system updates or replacements.

Improving child support program technology would be tremendously beneficial today. It would afford programs significant options for providing services remotely, offering flexibility in services for families resulting in improved cost-effectiveness, and bringing the child support program into the 21<sup>st</sup> century.





**THEREFORE, NCSEA resolves to urge Congress to:**

Enact temporary relief legislation, effective through December 31, 2021, that would:

- Allow an increase of the federal financial participation rate up to 100 percent for purposes of section 455(a)(1) of the Act
- Allow waiver of matching funds requirement for an Indian tribe imposed by section 455(f) of the Act
- Relax the program requirements of part D of the Act including those set forth in section 466 for the establishment and enforcement support orders
- Prohibit imposition of penalties or other adverse actions for failure to meet performance mandates set forth in part D of the Act including penalties for failure to achieve a paternity establishment percentage of less than 90 percent and failure to meet time requirements for distribution of child support payments
- Waive data reliability audit requirements
- Provide relief from the mandate set forth in section 454(1) of the Act requiring the State plan to be in effect in all political subdivisions of the State
- Provide similar relief for tribal governments set forth in section 455(f) of the Act
- Disregard the 6.2% FMAP increase authorized by the CARES Act as it applies to retained child support collections, effective January 1, 2020

Enact permanent legislation that would:

- Allow States to receive 66% federal financial participation for employment services provided to noncustodial parents who are unemployed or underemployed so they can support their children.
- Fund a specifically designated 90% federal financial participation rate for states to modernize their Title IV-D child support automated computer systems, similar to the match provided to the Medical Assistance Programs, Title 42 Part 433.112.

**Adopted by the NCSEA Board of Directors on April 30, 2020**

