

Use of IV-D Incentive Funds for NCP Work Activities

IM-18-02

INFORMATION MEMORANDUM

DATE: February 15, 2018

TO: State IV-D Agencies

SUBJECT: Use of IV-D Incentive Funds for NCP Work Activities

Promoting economic mobility by increasing opportunities for employment is a top priority of this administration. More than just a means of income, work creates opportunities for individual growth, instills personal dignity, and provides low-income Americans with a clear pathway out of poverty to financial self-sufficiency. Furthermore, when parents are employed, custodial and noncustodial alike, they are better able to fulfill a key parental responsibility by providing for their children.

An analysis by OCSE estimates that 13% of noncustodial parents are unemployed for extended periods of time. When large numbers of noncustodial fathers are out of the labor force, they suffer a decrease in life satisfaction, potentially adverse health consequences, and their families suffer from a lack of reliable child support payments. The Child Support Enforcement Program struggles to effectively perform its core mission in enforcing support obligations and obtaining child support for children when noncustodial parents are not employed.

While the federal government provides most of its funding for the child support program through matching payments to reimburse states for their expenditures for allowable expenses, it also makes incentive payments to reward states for strong performance on a range of measures, such as cost-effectiveness. Section 458(f) of the Social Security Act allows states to use their incentive payments to either “carry out the State plan” or “for any activity (including cost-effective contracts with local agencies) approved by the Secretary, whether or not the expenditures for the activity are eligible for reimbursement under this part, which may contribute to improving the effectiveness or efficiency of the State program operated under this part.”

Research evidence of employment programs for noncustodial parents shows that they contribute to the effectiveness of the child support program. An evaluation of the NCP Choices program in Texas (which relies on \$2.2 million of incentive funds) found that program participants paid their child support more often, in greater amounts, and more consistently over time. The custodial parents associated with the participants were also less likely to receive TANF benefits. Yet, only four states use incentive funds for this purpose.

Moving forward, the Administration for Children and Families (ACF) reaffirms its commitment to increasing opportunities for family and individual advancement through work. To that end, this Information Memorandum clarifies that HHS is eager to grant exemption requests that would allow states to use their incentive payments to provide employment programs for noncustodial parents, as long as the requesting states adhere to the proper procedures listed in OCSE-AT-01-04 and demonstrate how their use of funds will improve the state's child support program.

To be clear, this action does not allow states to receive matching federal funds for work activities through Title IV-D. This action only alerts states to HHS's willingness to grant exemption requests that would allow incentive payments to be used to fund work activities for noncustodial parents, as have already been granted to four states.

ACF encourages states to promote and strengthen employment programs for noncustodial parents and make getting this population into employment and paying their child support a top priority.

REFERENCES: Section 458(f) of the Social Security Act, OCSE AT-01-04, and TANF-ACF-IM-2018-01

INQUIRIES: ACF/OCSE Regional Program Managers

Scott M. Lekan
Commissioner
Office of Child Support Enforcement

Last Reviewed: February 14, 2018