

# Insight into Ohio's Child Support Funding

## **ALERT FFY10 Congressional action needed**

Congress must continue temporary restoration or pass permanent restoration of the ability to use federal earned performance incentives as local dollars as soon as possible.

Failure to restore this funding mechanism will create a \$60 million dollar funding gap for the 88 Ohio County CSEA's which provide services to nearly one million families in Ohio.

Ohio recognizes the importance of the child support program and in FFY 08, the Governor and General Assembly worked to fill the gap in funding. Current economic trends in Ohio will make this impossible in SFY11.

*Promoting and securing financial stability for the local agencies charged with serving Ohio's Families relying on the child support program is a top priority for OCDA.*

*The financial stability for the nation's child support program has been in question for the past few years. Congress passed the Deficit Reduction Act of 2005 in February 2006. One component of the DRA was to dramatically reduce available funding to the nation's child support program by removing the ability to use earned federal incentives as local funds for the purpose of child support expenditures. The funding reduction came into play in FFY08.*

*For Ohio, the inability to use earned federal incentives as local match was a potential \$60 million dollar reduction in available funding. **This equated to a 28% reduction in available funding for the 88 local child support enforcement agencies responsible for providing direct services to nearly one million families.** During the SFY08/09 budget cycle, Governor Strickland and the General Assembly identified Ohio's child support program as a critical program and increased state funding to fill most of the gap. However, as the current economic recession began appearing in Ohio's revenue, the funds available continued to be reduced.*

*As part of ARRA, Congress issued a two year temporary stay on the inability to use earned federal incentives as local funds. This was for FFY09/10 and currently is slated to end as of September 30, 2010. With Ohio's current economic difficulties, the ability to fill the funding gap is highly unlikely in the next budget cycle. There is funding available equating to 15% of what is needed to maintain current available funds for FFY10 at this time if there is no congressional action.*

*Currently, there are two opportunities for Congress to act and save the viability of the nation's child support program. Senators can be supportive of S1859 which is cosponsored by Senators Rockefeller, Cornyn, Kohl and Snowe and 21 others. The second opportunity is to be supportive of the budget recommendation from the President which would temporarily extend the ARRA provision for another year until TANF reauthorization is reviewed by Congress in 2011. Please support this opportunity to positively impact one million families in Ohio relying on our services and over 3,000 county staff members providing the direct services.*

*The White House Budget Office gave the child support program the highest rating possible for effectiveness as a program. Ohio currently ranks third in the nation in child support collections and ranks higher in most performance measurements as compared to other large states and the nation. The performance measurements that are evaluated in order to earn funding for use by the states are based upon performance in the areas of paternity establishment, support order establishment, collections on current support, collections on arrears and cost effectiveness.*

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## Current County CSEA Funding Sources

### Ohio's Performance

**Paternity**

**98.6%**

**Establishment**

**75.6%**

**Current Support**

**68.8%**

**Arrears Collections**

**68.2%**

**Cost Effectiveness**

**\$6.78**

### National Average

**Paternity**

**85.72%**

**Establishment**

**79.17%**

**Current Support**

**61.94%**

**Arrears Collections**

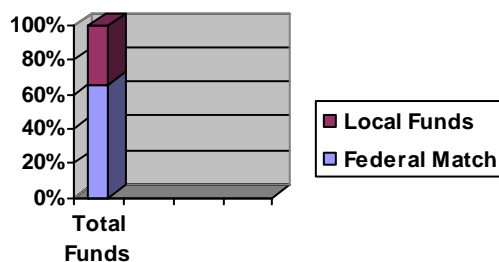
**63.45%**

**Cost Effectiveness**

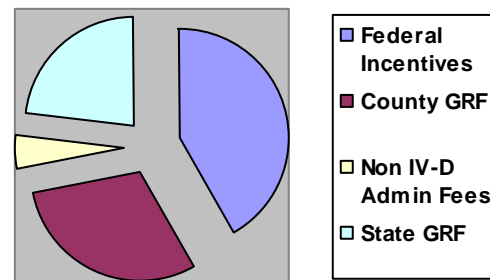
**\$4.92**

On average Ohio's county CSEAs spend \$210 million in eligible IV-D Expenditures administering the program at the local level. Typical funding streams include:

- Federal financial participation administrative match generated approximately \$138 million for local operations.
- Earned federal incentives currently generate approximately \$30 million annually which goes to local CSEAs for operations.
- County general revenue fund contributions, including direct contributions to CSEAs and indirect contributions for total county operations required by the program have averaged \$20 million annually.
- State general revenue fund contribution also known as the child support administrative match to local offices was \$16.8 million annually. This figure has remained the same since SFY01.
- Administrative fees paid by the obligors provide net funding of approximately \$13 million annually. A very small portion is available for local match, but the fee does reduce federal contributions to the federal financial participation.



**Total Funding**



**Sources of Local Funds**