My Brother’s Keeper, or My Brother’s Creditor?  
Part Three: How Child Support Debt and Government Reimbursement Can Financially Harm Young People of Color and Their Parents and Families

This brief is third in a series. Others examine how child support owed to the government undermines ladders of opportunity for young people of color, and the urgent need for data on racial equity outcomes.

All young people should have access to ladders of opportunity, and especially young people of color—this is a key goal of President Obama’s My Brother’s Keeper initiative. However, as described in earlier papers in this series, the interaction of child support and TANF reimbursement policies may particularly undermine the financial foundation of parents of color who are struggling to support their children. This is because children of color are more than three times as likely as white children to receive TANF benefits, and black children are nearly five times more likely. Therefore, their parents are more likely to owe child support to the government—not to their daughters and sons—to reimburse those same TANF benefits.

The possible negative impact of welfare reimbursement policies on children, parents, families, and communities of color should not be underestimated or ignored. Parents who are court-ordered to pay child support often rely on the support of their partners, co-parents, family members, and friends, who themselves are also struggling to make ends meet. Low-income parents of color are particularly likely to ask for financial help from their family and friends when their child support situation reaches the crisis point of being threatened with jail time for not paying.

Stories of family members and loved ones providing financial support and in-kind help—especially housing and food—to parents who are court-ordered to pay child support are common. The following examples are drawn from CFFPP’s recent work, including focus groups and interviews with parents, and courtroom observations:

- Parents who are threatened with jail time for not paying child support feeling overwhelmingly compelled to beg family members for help to stay out of jail. For example, a young father desperately calling his elderly aunt from the courthouse in order to ask for a portion of her most-recent Social Security benefits check so that he can avoid going to jail.

- The routine practice in some jurisdictions of judges and commissioners asking parents who are threatened with jail time whether there are any family members who can give or lend the parent money to pay the child support owed—despite the evidence that the parent has no ability to pay. Some courts even provide staff to accompany parents while they walk to a payphone in the courthouse to call family for help.

- Low-income parents who qualify for the Earned Income Tax Credit (EITC) seeing their refund garnished by the government to repay TANF cash benefits. This policy is especially harmful for parents who have children in more than one household. When the EITC is garnished to reimburse TANF, it removes financial resources from the children in the parent’s household who were eligible to receive the EITC refund, but provides no resources to either of the households where the parent’s children live.
However, the financial harm to children and families of color caused by the government retaining child support payments to reimburse TANF benefits is difficult to estimate given the lack of public data. As described earlier in Part Two of this briefing series, “There is currently no publicly-available, national-level data that can be used to accurately determine the disproportionate financial harm” to people of color caused by the TANF reimbursement policy. In the absence of such data about parents of color, estimates of the financial cost to all low-income parents—of all races and ethnicities—can be used as a rough proxy. According to new estimates from CFFPP:

- Several million parents across the nation who are struggling to achieve basic economic security will pay an estimated minimum of $901 million per year to the government to reimburse the cash assistance that their children’s households have received.

- Nearly half of this estimated amount—at least $429 million per year—will be paid by those who are least able to afford it: parents whose incomes are near or below the federal poverty guideline for individuals.

The actual financial cost to low-income parents of color is likely to be higher than the preceding estimates. According to the federal Office of Child Support Enforcement, parents (at all income levels) paid $1.42 billion in child support that was retained by federal and state governments to reimburse TANF in 2013. Because the large majority of child support arrears are owed by parents with no or low reported income, it is likely that an overwhelming share of this $1.64 billion represents financial resources drained from low-income parents of color—as well as from their children, families and communities.

Parents and families of color, who are struggling to achieve financial security for their children and themselves, are even more likely to be negatively affected by welfare reimbursement policies in certain states and among certain communities of color:

- In Wisconsin, black children are more than 14 times as likely as white children to receive TANF, the largest disparity rate between black and white children among all states. In states with large black communities, the highest disparity rates between black and white children who receive TANF are: more than 12 times in Illinois; about 12 times in Pennsylvania; nearly 10 times in Michigan; and more than seven times in Louisiana.

- In New York, Latino children and nearly five times more likely to receive TANF than white children, the largest disparity rate between Latino and white children among the six states with the largest populations of Latino children. Four other notable states with large Latino communities and high disparity rates between Latino and white children who receive TANF include: more than four times in Texas; more than two times in Arizona, about two times in California, and nearly two times in Illinois.

- In California, 15% of all children of color receive TANF. California also stands out for having the highest percentages among all states for certain children of color who receive TANF benefits, including: 41% of all black children, 32% of all Hawaiian and Pacific Islander children, and 15% of all Latino children.
Recommendations for State and Federal Policymakers

For children and young people of color to successfully climb ladders of opportunity, these ladders must be placed on a solid foundation of family economic security—not undermined by government policies that drain resources from parents, families and communities. Policymakers across the country have recognized that other financial drains—for example, predatory payday loans—are a threat to the economic security of children and families, particularly in low-income communities of color. However, parents working hard to achieve basic economic security continue to have financial resources drained from themselves, and their children and families, in order to pay child support debt that is owed to and will be kept by the government.

Bold and comprehensive solutions that policymakers can pursue have been proposed in CFFPP’s recent study “What We Want to Give Our Kids,” researched and produced in collaboration with the Insight Center for Community Economic Development. Among several policy recommendations, the following is a brief summary of the solutions that are most relevant for providing today’s young people of color with a solid foundation for pursuing opportunity into the future:

- **Revoke the legal requirement that parents reimburse the state and federal governments for TANF cash assistance provided to their children’s households.** Additionally, state agencies should forgive existing child support debt that is owed to the state—rather than to parent’s children.

- **Remove low-income parents from child support enforcement during any times that they have no ability to both financially sustain themselves and to pay child support.** Such parents should be placed in income support, employment support, and other social welfare programs.

- **Stop the practice of family court judges incarcerating poor and/or unemployed parents who are unable to pay their court-ordered child support debt.** When low-income parents—and particularly fathers of color—are incarcerated for nonpayment of child support, the resulting arrest and incarceration record can limit future employment prospects, and lead to reduced wages.

- **Base child support orders on reasonable evidence of a parent’s actual income and assets.** Some child support orders are based on the presumed earning capacity of parents who are poor and/or jobless. Such orders do not reflect low-income parents’ actual ability to pay and only serve to increase debt and further destabilize economic security for their children, families and communities.

All children deserve a solid foundation from which to pursue their dreams, including parents who are engaged and supportive, and a secure economic base. The above policy recommendations can help build a more equitable foundation for low-income children of color and their parents. Constructing this foundation is essential to the success of President Obama’s My Brother’s Keeper initiative.
5 To achieve basic economic security, CFFPP has recommended an income of about $40,000 (in 2010 dollars) for parents who are paying child support for two children. Parents with less income than this will likely not experience economic security because they will be forced to make tradeoffs between housing, food, medical care, transportation, emergency savings, other basic needs—and paying court-ordered child support. An income of $40,000 is about 369% of the 2010 federal poverty guideline for individuals. For a detailed discussion of CFFPP’s recommended income, see “BEST Incomes for Noncustodial Parents Paying Child Support,” CFFPP Policy Briefing, July 2011: http://www.cffpp.org/publications/PB_July_2011.pdf
6 CFFPP arrived at this estimate by re-analyzing data from a simulation by the Urban Institute (Sorenson et al, pp. 7, 49-50) which showed that parents with reported incomes at or below $30,000 (in 2003/2004 dollars) will pay 30.43% of their court-ordered arrears over 10 years, or about 3% per year. This percentage was then applied to the certified arrears reported as of September, 2013 (see OCSE, 2014): $29.6 billion times 3.043% equals $901 million. CFFPP used an income ceiling of $30,000 in this analysis because this amount was about 328% of the 2003/2004 federal poverty guideline for individuals, and therefore roughly comparable to CFFPP’s recommended income to achieve basic economic security discussed above in endnote 5.
7 This estimate uses a ceiling of $10,000 in 2003/2004 dollars which is about 109% of the federal poverty guideline for individuals during those years.
8 These estimates are minimum amounts because the data is only based on payments applied toward past-due child support arrears, including both arrears owed to the government, and arrears owed to the other parent. Therefore, these estimates do not include payments that payments that parents made for current-month child support—in other words, that were not yet past due—which may also have been retained by the government to reimburse TANF benefits.
10 “What We Want to Give Our Kids…,” pp. 16-17, see endnote 3 above.

SOURCES:
Mission Statement: The mission of the CENTER FOR FAMILY POLICY AND PRACTICE (CFFPP) is to strengthen society through the expansion of opportunities for low-income parents – mothers and fathers – to protect and support their children. CFFPP operates as a policy think tank to remove the unique barriers and negative public perceptions that affect low-income men of color. Through technical assistance, policy research and analysis, and public education and outreach, CFFPP works to support low-income families and develop public awareness of their needs.

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