



Support SB 2340—Increase Child Support for TANF Families

Sponsors: Senators Kimberly Lightford and Jacqueline Collins

What the bill does:

- ✓ The bill allows more of the monthly child support collected for children in families receiving Temporary Assistance for Needy Families (TANF) to be turned over (“passed through”) to their custodial parents.
- ✓ It directs that up to the first \$100 of child support collected each month for one child and up to \$200 collected for two or more children be passed through to the families without decreasing their TANF benefit amounts.
- ✓ Currently, Illinois passes through a monthly maximum of \$50 of child support per TANF family—even if payments are being made for more than one child or by more than one non-custodial parent. The rest goes to reimburse the federal government and Illinois for TANF benefits paid to the family.

Why passing through more child support is good for children and parents:

- ✓ Illinois TANF grants are very, very low—a family getting the maximum TANF grant is receiving income of less than 26% of the Federal Poverty Level. Increasing the amount of child support passed through to \$100 or \$200 per month would make a big difference in TANF families lives.

EXAMPLE: Now a family of three on TANF gets \$432 in TANF benefits (25.7 %FPL). If that family gets a \$50 child support pass through payment, its income increases to \$482 (29%FPL). If it received \$200 in pass through under this bill, its income would be \$632 (38%FPL).

- ✓ Passing through more of the child support they pay lets non-custodial parents (usually fathers) see that their contributions make a big, positive difference in their children’s well-being.
- ✓ Passing through more of the child support they pay encourages non-custodial parents to do the right thing—pay their child support regularly and on time and even increase their payments and engagement with their children.
- ✓ Passing through more child support lets children see that the efforts of both their parents to take care of them are respected and important. Illinois currently “disregards” 75% of custodial parents’ earned income in setting families’ TANF grant amounts. The increased pass through would honor the contributions of non-custodial parents. Work pays for both mothers and fathers.

Why \$100 and \$200: \$100 for one child and \$200 for two or more children are the maximums allowed under the federal law that requires and funds the state child support program, Title IV-D of the Social Security Act.

Bill History: An identical bill, SB 730, passed the Senate on April 21, 2015, by a vote of 33-19-0. In the House the bill was assigned to the Human Services Appropriations Committee and it was not heard. In 2014, a bill identical to SB 2340 (SB 3216) passed the Senate 39-14-0. It passed the House Human Services Committee 10-1-0, but did not make it to the House floor for a vote.

Family Benefit and Government Cost and Affordability Analysis

Based on data requested from the Division of Child Support Services of the Illinois Department of Healthcare and Family Services and the Illinois Department of Human Services, Arthur Lyons of the Center for Economic Policy Analysis (CEPA) prepared a “Brief Analysis of a Proposed Plan to Increase Pass-Throughs to Custodial Parents in Illinois.” CEPA prepared this analysis for Fathers, Families, and Healthy Communities. CEPA used data from Illinois State Fiscal Year 2013 (July 1, 2012, to June 30, 2013). The data show the following regarding child support payments made for children on TANF.

Family Benefits:

- ✓ The median payment from a non-custodial parent paying for one child is \$150 per month.
- ✓ The median payment from a non-custodial parent paying for two or more children is \$176 per month.
- ✓ If SB 2340 becomes law, pass through payments to about 75% of custodial parents caring for one child would reach the new \$100 per month maximum.
- ✓ If SB 2340 becomes law, the median pass through payment for parents caring for two or more children would increase from \$50 to \$175. (Almost three fourths of custodial parents would receive less than the new \$200 maximum because the non-custodial parents are making payments of less than \$200.)
- ✓ In the aggregate, total pass through payments would increase from \$1.7 million to \$4.8 million—that’s \$3.1 million more dollars of their child support going to TANF families.

Cost and Affordability:

Background: Under federal law, the amount of child support paid for families on TANF that is not passed through to them is kept to reimburse Illinois and the federal government for the cash assistance paid to the families—50% is kept by Illinois and the other 50% is forwarded to the federal government.

CEPA’s analysis concludes that in FY 2013, \$6.8 million in child support was paid for children on TANF. Of that amount (in rounded numbers):

- ✓ \$1.7 million was passed through to TANF families.
- ✓ \$5 million was retained as TANF cash grant reimbursement, with \$2.5 million going to Illinois and \$2.5 million to the federal government.

CEPA projects that if SB 2340 were law and \$6.8 million in child support were paid for children on TANF:

- ✓ \$4.9 million would be passed through to TANF families and
- ✓ \$1.9 million would be retained as TANF reimbursement, with roughly \$1 million going to Illinois and \$1 million to the federal government.

Bottom lines:

- ✓ Family Bottom Line—Illinois TANF families would receive \$3.1 million more in child support.
- ✓ Illinois Bottom Line—Illinois keeps \$1 million of the support paid instead of \$2.5 million.
- ✓ US Bottom Line—The federal government is reimbursed \$1 million instead of \$2.5 million.

(Custodial parents get more than Illinois loses because the decrease in retained support after pass through is split 50/50 with the federal government.)

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