

Commission on the Economic Status of Women

Child Support Collections in Minnesota

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Data in this newsletter were provided by the Minnesota Department of Human Services (DHS) for cases served by child support enforcement offices in state fiscal year 1999. Additional data are from the "Child Support Arrears Forgiveness and Passthrough Study" by Policy Studies, Inc.

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Minnesota Child Support Collections at a Glance: FY 1999

Number of cases served by IV-D offices statewide = 228,735

Total collections = \$443 million

Average yearly collection per open case = \$1,927

Average amount collected and disbursed for every dollar spent
on the child support program = \$3.99

Number of paternitys established for IV-D cases = 7,531

Minnesota IV-D cases without a court order for support = 29%

Collection of Child Support in Minnesota

States began collecting child support in 1975 when Congress first required states with AFDC programs to create enforcement programs to reduce public assistance expenditures. In 1984, collection services were expanded to include all children and families, not just those on public assistance. Under the federal Family Support Act of 1988, the program was expanded again to strengthen all child support enforcement procedures.

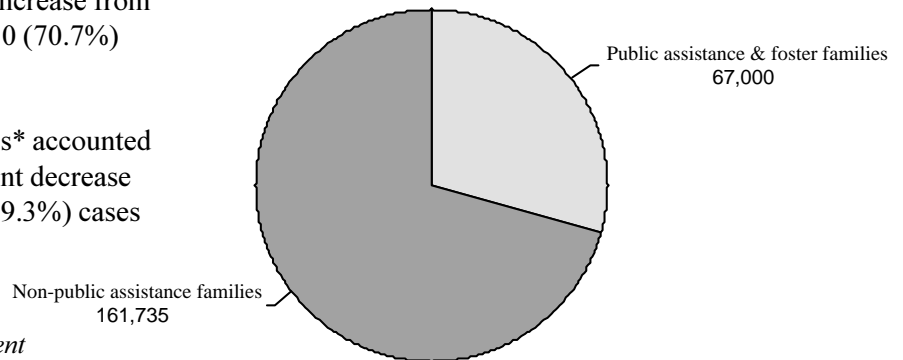
In FY1999, county child support offices provided services for 228,735 families including more than 267,000 children in Minnesota. Services are provided to families applying through their county human services agencies and are available to both custodial and noncustodial parents.

Child support is seen as a crucial component in helping families achieve financial independence. Upon application for public assistance, families who are due child support assign rights to their child support to the state. Families not receiving public assistance, but seeking help collecting child support, pay a one-time application fee of \$25 to the county for services.

Child Support Cases in Minnesota

- Non-public assistance families accounted for 161,735 cases in FY 1999, a 7 percent increase from 1998. These families represented 7 in 10 (70.7%) cases served by IV-D offices.
- Public assistance and foster care families* accounted for 67,000 cases in FY 1999, an 8 percent decrease from 1998. They represented 3 in 10 (29.3%) cases served by IV-D offices.

Number of Families Served by IV-D Offices
Minnesota, FY 1999



**note: children placed in foster care may have absent parents who are required to pay child support.*

Definitions

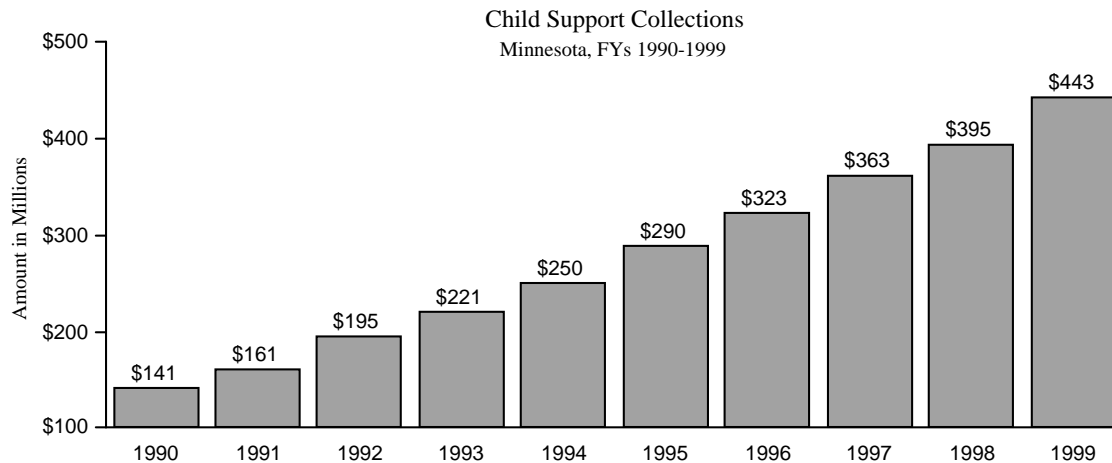
IV-D: refers to Title IV-D of the Social Security Act. County child support enforcement offices operate under this federal law.

Arrears: the amount of child support that is 30 days or more past due.

Public Assistance: includes the Minnesota Family Investment Program (MFIP), Medical Assistance, MinnesotaCare and child care assistance.

Minnesota FY 1999: state fiscal year July 1, 1998 to June 30, 1999.

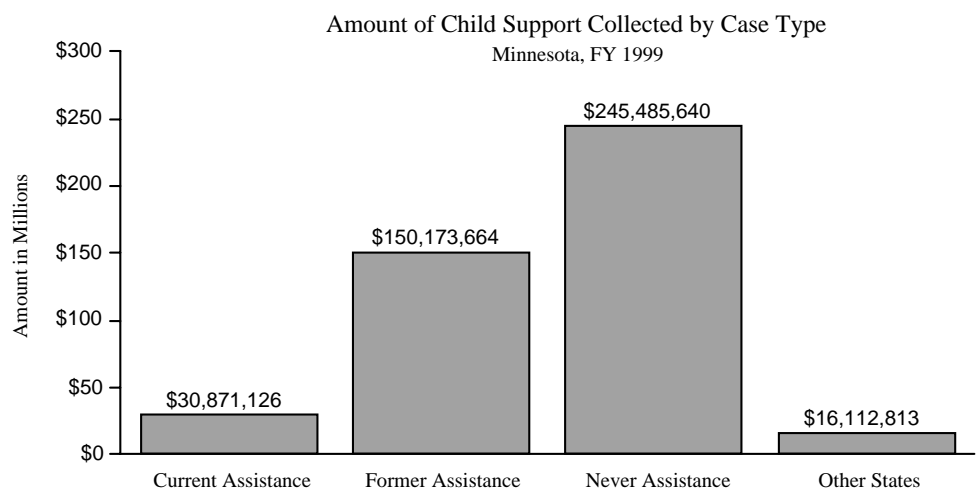
Child Support Collections



- The amount of child support collected by the state has steadily increased over the last decade. Since 1990, the amount of collections has more than tripled.
- In FY1999 a total of \$443 million in child support was collected, an increase of 12 percent from the previous year.
 - Collections for current support totaled \$310 million.
 - Arrears, or past due support, collected totaled \$133 million.
- The average yearly collections per open case was \$1,927, a 6 percent increase from 1998. For cases with a court order, the yearly collection per case increased by 10 percent, to \$2,800.

Distribution of Collections

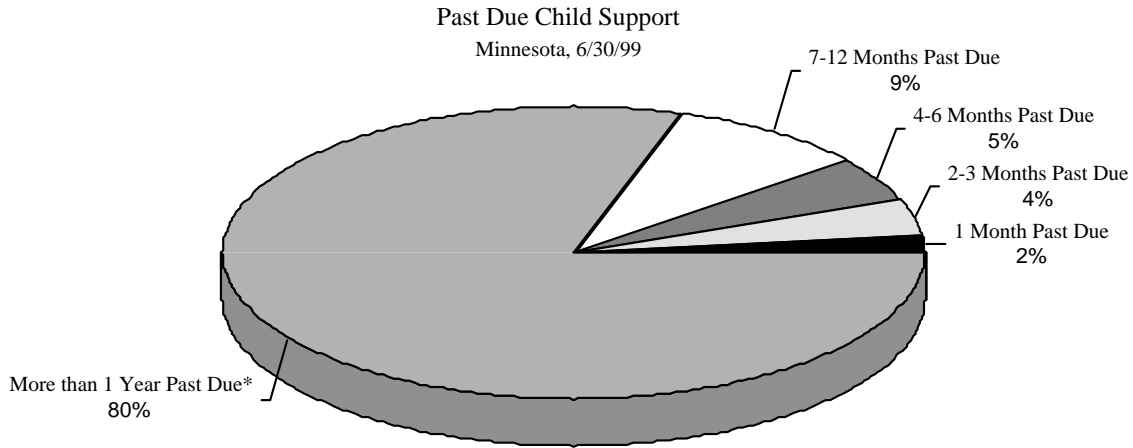
- In FY 1999, \$30.9 million was collected for current public assistance families. This was 7 percent of total collections.
- Collections for former public assistance families were \$150.2 million, over one-third (34%) of total collections.
- \$245.5 million was collected for families that have never been on public assistance. This was over one-half (55%) of child support collections in Minnesota.



- \$16.1 million, 4 percent of the total, was collected for other states' child support cases.

**note: other states' cases are cases in which child support enforcement services in Minnesota collect child support owed for a child in another state.*

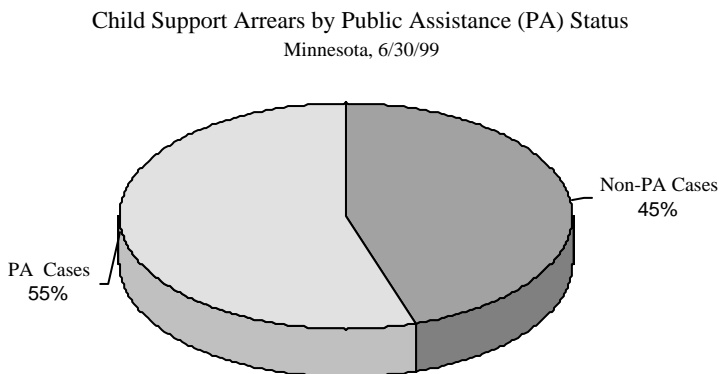
Past Due Child Support



**note: child support more than 1 year past due includes debts of any duration more than one year*

- As of June 30, 1999, \$902 million was past due in child support owed to families who sought help from county child support enforcement services in Minnesota.
- Eighty percent of the total amount of past due child support (\$722 million) was more than one year past due.
- Fourteen percent of arrears were between four and twelve months past due.
- The average amount of arrears owed per case with a court order was \$5,579.
- \$133 million was paid on arrears in FY 1999. This figure represents a 33 percent increase over payments on arrears made in 1998.

Distribution of Arrears



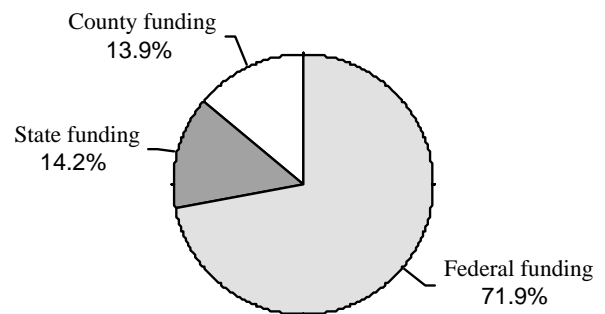
Child support arrears were divided fairly equally between public assistance and non-public assistance cases.

- Just over one-half (55%) of arrears were for public assistance cases.
- The remaining 45 percent of arrears were for non-public assistance cases.

Costs of Collecting Child Support

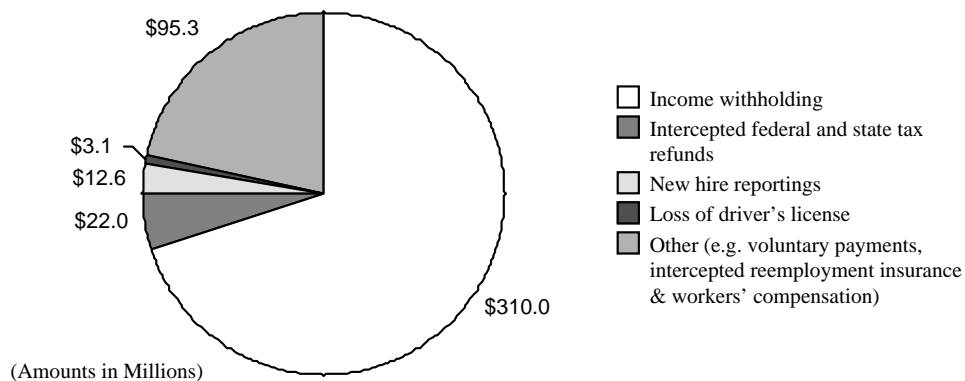
- Total federal, state and county funding of child support collections in Minnesota for FY 1999 was \$110.8 million.
- The child support program is largely funded by the federal government. Federal funding was 72 percent, or \$79.7 million, of the total dollars spent by the federal, state and county government for child support enforcement programs in 1999
- State and county funding shares of costs were about equal and accounted for 28 percent of total government expenditures. State funds were \$15.7 million (14.2%) and county funds were \$15.4 million (13.9%) of total expenditures.

Funding of Child Support Collection Costs
Minnesota, FY 1999



Child Support Collection Methods

Child Support Collections by Method of Collection
Minnesota, FY 1999



- Seventy percent of child support collections, \$310 million, were received through income withholding where an employer withheld child support from a noncustodial parent's pay check.
- Interception of federal and state tax refunds accounted for \$22 million (5%) in collections; \$12 million came from federal taxes and \$10 million was from state taxes.
- New hire reportings, where employers reported new hires to a state office to match with child support obligations, resulted in collections of \$12.6 million (less than 3%).
- About \$3 million dollars (less than 1%) was collected from parents facing the loss of their driver's license for failing to provide support.
- The remaining collections, \$95 million dollars, came from voluntary payments and other sources such as the interception of reemployment insurance and workers' compensation payments.