

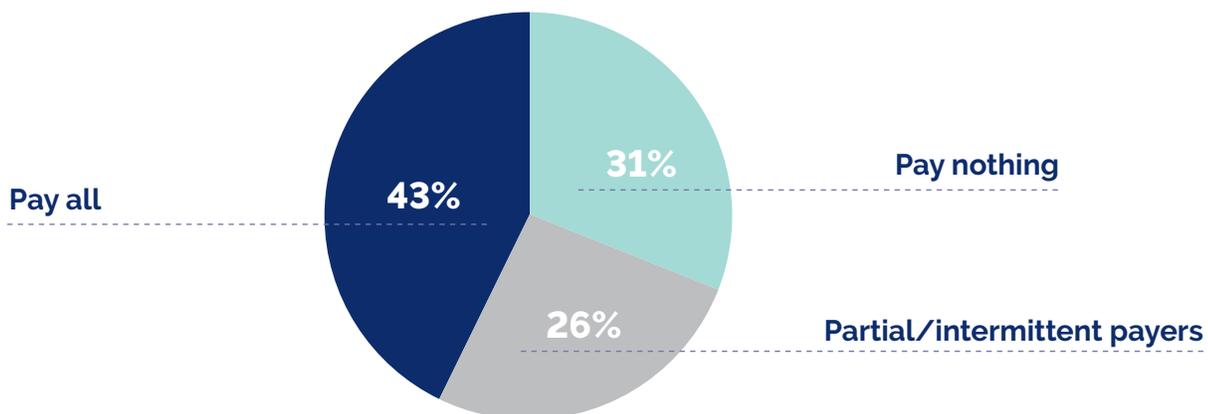


COVID-19 and Child Support

Changes in Payers and Non-Payers and
What Child Support Agencies Can Do

This is the first in a series of briefs developed by the Center for Policy Research on how the economic fallout from the novel coronavirus (COVID-19) may impact child support agencies. Founded in 1981, Center for Policy Research conducts research and evaluation projects and provides technical assistance on a variety of human services and critical social issues, particularly those affecting children and families. Our clients include the U.S. Department of Health and Human Services, state and local human services agencies, courts, and local and national foundations. Learn more about us at centerforpolicyresearch.org.

Child Support Payments Before COVID-19¹



Employment and Income Changes due to COVID-19

- **Unemployment claims:** over 30 million between March 21 and April 25²
 - **National unemployment** of 14.7% as of April 2020³
- **3 hires for every 10 layoffs** (examples of those hiring: Amazon, Walmart, CVS Healthcare, Domino's Pizza)⁴
- **Essential workers** comprise about 34% to 43% of the total U.S. workforce and many earn less than \$18.58 per hour⁵

Six of the most directly impacted sectors and examples of their occupations and wage rates:⁶

						
	Restaurants and Bars	Travel and Transportation	Entertainment	Personal Services	Non-essential⁷ Retail	Non-essential Manufacturing
Percent of U.S. employment	8.2%	2.3%	1.8%	1.4%	4.4%	2.3%
Selected occupation and median U.S. hourly wage ⁸	FAST FOOD COOK \$11.30	PASSENGER VEHICLE DRIVER \$16.01	GAMBLING SERVICE WORKER \$10.45	BARBER \$14.50	CASHIER \$11.37	ELECTRONICS ASSEMBLER \$16.77



Unemployment Benefits and the \$1,200 Stimulus Check

Average U.S. unemployment benefit plus the \$600 per week additional unemployment per U.S. CARES Act is \$978 per week⁹

- This exceeds the average weekly paycheck of those in the retail trade, transportation and warehousing, education and health services, and leisure and hospitality
- The extra \$600 per week ends July 31, 2020

Gig workers and self-employed workers are now eligible for unemployment

- Self-employment jobs comprise 23% of all U.S. jobs in 2018¹⁰

A \$1,200 stimulus check that can be offset to satisfy child support debt¹¹

Payers and Non-Payers after the Initial Federal Response



WHO WILL DECREASE PAYMENT?

Some full payers
Some partial and intermittent payers

Circumstances of Noncustodial Parents (NCPs) Paying Less

- NCP is not eligible for unemployment because he or she quit job or took leave to protect their own health or the health of a family member¹²
- NCP's unemployment benefits (including \$600 per week) pay less than previous earnings
 - NCPs with pre-Covid-19 earnings more than about \$20-30 per hour (amount varies with state's unemployment benefit level)¹³
 - Unemployment benefits vary among states but are typically less than 50% of the employee's regular wage and capped¹⁴
 - NCPs who didn't file for unemployment or state is having difficulty processing their application¹⁵



PAYMENT WILL STAY THE SAME FOR:

Nonpayers¹⁶
Full payers with no changes in earnings

Circumstances of NCPs Paying the Same

- NCPs without reported income or those not receiving unemployment benefits
- Essential workers and other workers with no change in income



WHO WILL INCREASE PAYMENT?

Some partial and intermittent payers

Circumstances of NCPs Paying More

- Newly employed workers
- Unemployed, low-wage workers temporarily realizing more income due to the \$600 per week additional unemployment benefit
- The self-employed who were previously not paying but are now paying through unemployment benefits
- Essential workers with over-time income, temporary wage increases and bonuses¹⁷

Conclusions about Payments

→ **Short-run:** Some full payers and intermittent/partial payers will pay less; little change in the percentage of non-payers

→→ **Long-run:** Total collections will decrease because of reduced earnings in general; more and different types of NCPs will need help to enable them to pay, appropriately review and adjust their orders, and address their COVID-19-related arrears

What Can Child Support Agencies Do?



Develop and Modernize NCP Employment Programs

- A new need to help NCPs who are displaced workers in addition to NCPs with multiple barriers (e.g., felony records and few skills).
- [CPR's Employment Toolkit](#) offers a step-by-step guide to establishing a program.
- Programs can be funded through Section 1115 Waivers (34% state or local match required),¹⁸ retained collections, child support incentive funds, and state TANF dollars.



Publicize and Streamline Review and Adjustment Policies

- Develop new ways to simplify the modification process (e.g., in-person negotiation conferences to eliminate the need for hearings). For more information, see reports from CPR modification projects for [Colorado](#) and [Massachusetts](#).
- Publicize modification processes to NCPs who are unable to modify during COVID-19 shutdowns.
- Use digital marketing to reach and message parents. (Contact CPR to learn more about how CPR is helping various states and tribes use digital marketing to reach parents.)



Publicize and Create Arrears Forgiveness Policies and Programs

- [Learn more about how 12 states designed debt compromise programs.](#)
- More information about how debt compromise improves the payment of current support can be found at [Debt Compromise Programs: Program Design & Child Support Outcomes in Five Locations.](#)

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Endnotes

- ¹ Percentage are based on an U.S. Census Bureau survey of all custodial parents who were supposed to receive child support in 2015. Data source is Grall, Timothy. (January 2020.) *Custodial Mothers and Fathers and Their Child Support: 2015 Current Population Reports*. U.S. Census Bureau. Retrieved from <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-262.pdf>. Federal Office of Child Support Enforcement data from federal fiscal year 2018 suggest a comparable percentage for nonpayers (i.e., 28%), but does not provide data on partial and full payers. Nonpayers were calculated by dividing Table P-75 (Cases with Collections) by Table P-64 (Cases with Orders), then subtracting that percentage from 100%. Data source is U.S. Department of Health and Human Services, Office of Child Support Enforcement. (June 2019). *Preliminary Report FY2018*. Retrieved from https://www.acf.hhs.gov/sites/default/files/programs/css/fy_2018_preliminary_data_report.pdf.
- ² U.S. Department of Labor. (April 30, 2020.) *Unemployment Insurance Weekly Claims*, page 6. Retrieved from <https://www.dol.gov/sites/dolgov/files/OPA/newsreleases/ui-claims/20200774.pdf>.
- ³ U.S. Bureau of Labor Statistics. Retrieved from <https://www.bls.gov/>.
- ⁴ Altig, David. (May 1, 2020.) *Covid-19 Caused 3 New Hires for Every 10 Layoffs*, Federal Reserve Bank of Atlanta. Retrieved from <https://www.frbatlanta.org/blogs/macroblog/2020/05/01/covid-19-caused-3-new-hires-for-every-10-layoffs>.
- ⁵ Tomer, Adie and Kane, Joseph w. (March 31, 2020). *How to Protect Essential Workers during Covid-19*. Brookings Institute. Retrieved from <https://www.brookings.edu/research/how-to-protect-essential-workers-during-covid-19/>.
- ⁶ U.S. Bureau of Labor Statistics. (April 2020.) "How many workers are employed in sectors directly affected by COVID-19 shutdowns, where do they work, and how much do they earn?" *Monthly Labor Review*. Retrieved from <https://www.bls.gov/opub/mlr/2020/article/covid-19-shutdowns.htm>.
- ⁷ For clarity, the term "essential" is used instead of "sensitive," which is the term used by U.S. Bureau of Labor Statistics, the source of the statistics.
- ⁸ U.S. Bureau of Labor Statistics: (n.d.) *May 2019 National Occupational Employment and Wage Estimates: United States*. Retrieved from https://www.bls.gov/oes/current/oes_nat.htm#35-0000.
- ⁹ Chien, Yili and Bennett, Julie. (April 18, 2020.) "Will Workers Want to Be Laid Off?" *Economic Synopses*. Economic Research, Federal Reserve bank of St. Louis. Retrieved from <https://research.stlouisfed.org/publications/economic-synopses/2020/04/18/will-workers-want-to-be-laid-off>.
- ¹⁰ Tran, Tu-Uyen. (April 2, 2020). *A COVID-19 Effect: Lost Gigs Can Now be Insured*. Federal Reserve Bank of Minneapolis. Retrieved from <https://www.minneapolisfed.org/article/2020/lost-gigs-can-now-be-insured>.
- ¹¹ An individual can check on their eligibility and request their economic impact payment at IRS Economic Impact Payment Information Center: <https://www.irs.gov/coronavirus/economic-impact-payment-information-center>. Information about offsetting the economic impact payment can be found at Federal Office of Child Support Enforcement (April 13, 2020). DCL-20-02: Economic Impact Payments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Retrieved from <https://www.acf.hhs.gov/css/resource/economic-impact-payments-under-the-coronavirus-aid-relief-and-economic-security-cares-act>; and, Congressional Research Service (April 24, 2020.) *The Child Support Federal Tax Offset of Cares Act Economic Impact Payments*. Retrieved from <https://crsreports.congress.gov/product/pdf/IN/IN11322>.
- ¹² At the time this information was prepared, the most recent data was from March 2020. The U.S. Bureau of Labor Statistics found an uptick in the numbers of employed people with a job but not working in March 2020. There was 6.4 million people in this category, which was a 54% increase from the previous month. This included workers on vacation but also about 2.1 million people categorized as "other," which is believed to be COVID-19 related. The data source is the U.S. Bureau of Labor Statistics. (April 3, 2020.) *Frequently asked questions: The impact of the coronavirus (COVID-19) pandemic on the Employment Situation for March 2020*. Retrieved from <https://www.bls.gov/cps/employment-situation-covid19-faq-march-2020.pdf>.
- ¹³ The threshold depends on the state's maximum unemployment benefit. For example, see [Fileunemployment.org/unemployment-benefits/unemployment-benefits-comparison-by-state/](https://fileunemployment.org/unemployment-benefits/unemployment-benefits-comparison-by-state/).
- ¹⁴ Kieze, Ella. (April 23, 2020.) "The \$600 Unemployment Booster Shot, State by State." *The New York Times*. Retrieved from <https://www.nytimes.com/interactive/2020/04/23/business/economy/unemployment-benefits-stimulus-coronavirus.html>.
- ¹⁵ There were processing issues in several states in March 2020, but many of the issues have since been resolved.
- ¹⁶ This does not consider any offset of the \$1,200 economic stimulus payment.
- ¹⁷ For an example, see Kinder, Molly. (Apr. 10, 2020.) *Covid-19's Essential Workers Deserve Hazard Pay*. Brookings Institute. Retrieved from <https://www.brookings.edu/research/covid-19s-essential-workers-deserve-hazard-pay-heres-why-and-how-it-should-work/>.
- ¹⁸ U.S. Department of Health and Human Services, Office of Child Support Enforcement. (Jul. 23, 2019). "Availability of Section 1115 Waivers to Fund NCP Work Activities." Information Memorandum-19-04. Retrieved from <https://www.acf.hhs.gov/css/resource/availability-of-section-1115-waivers-to-fund-ncp-work-activities>