Background

Prior to implementation of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), states passed on to the AFDC households the first $50 of child support collected by the IV-D agency on behalf of the family. States had the option of excluding from the food stamp determination any or all of this income. Section 109 of PRWORA removed this option. The final rules were published in October 2000 by Food and Nutrition Services (FNS) of the U.S. Department of Agriculture. Very few states, if any, elected to exercise this option. This was because states were required to pay FNS the difference in the food stamp allotment. States objected both fiscally and philosophically to the payment.

PRWORA continues to allow states to pass through to families receiving Temporary Assistance to Needy Families (TANF) the state share of child support collected by the IV-D agency. However, any amount given to these families will reduce their food stamp allotment.

When the child support program was first established 25 years ago, its main purpose was cost recovery for state welfare programs. Today, child support serves more non-TANF households than TANF. As a result, its purpose is evolving to ensure that all children receive their proper child support. Today welfare cost recovery is progressively assuming a smaller role as the focus changes to supporting families. There is growing support that the money belongs in the hands of families and children. This includes budgeting against food stamps, which causes families to lose approximately one dollar for every three dollars of child support received.

Several studies have reported that fathers argue their support payments should go directly to their children. The fact that the money is kept by the state is given as a primary reason for not paying support. Families do not associate child support with the reimbursement of welfare costs. Noncustodial parents want visible evidence they are supporting their children and both parents would rather enter into informal agreements. States have used the pass-through to encourage families to forgo these informal relationships. This incentive is counterproductive when food stamps are reduced.

Program Design

President Bush’s Working Toward Independence proposal for TANF Reauthorization recommends the first $100 of the federal child support collection be passed through to TANF recipients. It appears that states would also be allowed to pass through any of their share. This proposal follows the growing belief that children should directly receive child support and be financially

Example #3

Child Support/Food Stamp Interdepartmental Waiver

An example of a demonstration project that may be pursued by states under the waiver authority proposed in “Working Toward Independence” that better integrates program initiatives administered by the Departments of Health and Human Services and Agriculture.
better off when parents contribute toward their well-being.

Applying all or part of the child support received by families as exempt unearned income for determining food stamp allocations only strengthens this premise.

Waivers Needed

TANF

➢ Section 109 of PRWORA (this is the section that addresses the TANF pass-through and that USDA cites as the authority for eliminating child support as exempt income for food stamp purposes).

Food Stamps

➢ 7 CFR 273.9(c) (this section of the Code of Federal Regulations addresses income exemptions for food stamps).