



Nevada KIDS COUNT Issue Brief



# Child Support in Nevada Policy Brief

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## Nature of the Problem

No one who even occasionally watches the evening news or flips through a morning newspaper could possibly have failed to hear a story or be surprised by some statistic which would help establish that unpaid child support is a problem, not only in Nevada but also across the nation. According to the Department of Health and Human Services, child-support collections increased from \$12 billion in 1996 to \$18 billion in 2000. However, there is currently over \$32 billion in uncollected child support in the United States. In Nevada, over \$128 million in support is owed to custodial parents. Nevada currently ranks 45<sup>th</sup> in collections.<sup>2</sup> This money, in many cases, is sorely needed to provide for low-income children. Most agree that this is a very serious problem that needs to be addressed. What can be done to solve the problem?

Providing ample support to children, regardless of the marital situation of their parents, is undoubtedly of

critical importance. Studies have shown that children living at or below the poverty level suffer a wide range of problems. "Low income children are: 1.3 times more likely to die during infancy and 3 times more likely to die during childhood; 2 to 3 times more likely to suffer stunted growth; twice as likely to have physical or mental difficulties; at least 3 times more likely to be hospitalized for injuries; 1.1 to 2.0 times more likely to have repeated diarrhea or colitis, pneumonia, repeated tonsillitis, or severe asthma; and 1.4 times more likely to miss school due to acute and chronic health problems."<sup>16</sup>

Knowing how important this money can be to helping poor children, collection of back support has become a "hot-button issue." According to the Nevada Department of Human Resources, approximately 63 percent of owing parents in Nevada are making some form of payment, but over half of the current support due each year goes uncollected and only 4.35 percent of back support reaches

custodial parents.<sup>1</sup> (This figure is better than it appears, because currently under the law, the government is generally reimbursed first for any past-due support that is assigned to the state up to the limit of assistance paid to the family. Then families are reimbursed for any past-due support owed them.) These are abysmal rates given the fairly low unemployment rate and the high wages paid in the state. This support can have a positive impact on a child's life.

### **Strategies at the National Level**

With widespread problems that unpaid child support presents, what is being done to combat the problem? The Federal Child Support Enforcement Program began in 1975 with the proposed goal of helping custodial parents collect current as well as back child support.<sup>3</sup> While many strides have been made in methods for establishing paternity and locating delinquent parents, most states (certainly including Nevada) are still having a great deal of difficulty collecting support, some 27 years after the establishment of a federal program to do just that.

President Bush's current budget proposal includes a provision under which noncustodial parents would send money directly to their families as opposed to going through government agencies<sup>5</sup> or, in the case of Nevada, the "Friend of the Court"<sup>3</sup> program, which receives and distributes child-support payments. In addition, the budget calls for up to \$286 million over the next five years to be paid to states for reimbursing families with child support due to them.<sup>5</sup> During the Clinton administration federal legislation passed making it a federal felony for noncustodial parents to cross state lines in order to evade child-support

obligations, if she/he owes more than \$5,000 for more than a year.<sup>8</sup>

### **Strategies at the State Level**

Another possible question regarding child support is: What in particular is done to ensure payment in Nevada? Methods of payment in Nevada include the following: voluntary payment, wage withholding, tax refund withholding, and liens on property sale.<sup>13</sup> An additional method of payment that would have had a great impact on Nevada was proposed by former President Clinton in 1998, but was dismissed by the legislature largely due to the opposition of Nevada lawmakers. The proposal called for an expanded background check on any casino winners set to collect over \$1,200. In the case of a winner having child support in arrears, his/her winnings could be withheld.<sup>14</sup> More recently, efforts have been made to improve coordination between federal, state, and local agencies in the collection of child support. The Office of Child Support Enforcement is a joint-task force, which in Nevada employs 332 full-time employees responsible for tracking cases where child support is due and locating any noncustodial parents who were failing to make payments.<sup>12</sup>

### **Basic Guidelines Regarding Child Support Orders in Nevada**

In most cases, if a couple is able to agree on an amount for payment, the court honors the agreement. If not, the standard amount due is 18 percent of disposable income for one child, 25 percent for two children, 29 percent for three children, and 2 percent more for each additional child. If wage withholding becomes necessary to collect back child support, the amount withheld cannot exceed

50 percent of the noncustodial parent's salary<sup>13</sup> (slightly lower than the federal limit of 60 percent). The amount due is reviewed automatically every three years and adjusted as needed. A common complaint of the institutions currently in place is that once the review has occurred, a full year must pass before an appeal can be made. This often creates a problem if a parent is laid off, suffers a large unexpected expense, or encounters any other circumstance that might cause him/her to fall behind on support payments.

An examination of child-support collection efforts in Nevada reveals that while efforts have been made, inefficiencies exist. The Family Support Act of 1988 directed all states to build a database of child-support-related information. Nevada began building a system called Nomads in 1989 to meet these guidelines. It was projected to take two years and cost an estimated \$20 million. The system finally came on line in 2001 and cost over \$125 million.<sup>17</sup>

A cost-effectiveness survey of collection efforts revealed that for every dollar Nevada spent on collection efforts, \$2.52 was collected. This is down more than 18 percent from the previous year and is well below the national average of \$4.21. In Nevada, collections per full-time worker averaged \$239,604, which is also well below the national average of \$306,927. This poor performance may result, at least in part, from the fact that the typical caseworker in Nevada handles roughly 1,300 cases, which is well above the national average.<sup>12</sup>

Families receiving government assistance (through Temporary Assistance to Needy Families [TANF]) receive free help in recovering child support, which is only

proper due to the fact that the money is used to first reimburse the government for any aid received before the families receive any. Many states, however, charge as much as \$25 with annual renewal fees to assist non-TANF families. Nevada is more progressive in this area, only charging a nominal \$2 fee.<sup>16</sup>

Even though we know the importance of supporting these children, some consideration must be given to the circumstances of the low-income, noncustodial parents. Fathers who have child-support arrearages have been labeled "deadbeat dads" and have received much attention in recent years. Deadbeat dads can become political scapegoats and easy targets for public disdain. Despite the image of a scofflaw intentionally avoiding his obligation to support his children, deadbeat dads are oftentimes men who are simply unable to afford the child support they are ordered to pay by the court. Many noncustodial fathers feel they have "been reduced from parents to mere paychecks."<sup>15</sup>

According to Clark County District Attorney Stewart Bell, there are more than 42,000 parents not paying child support in the county. About 15 percent of these are women. A look at Nevada's "Most Wanted" list from the Nevada Attorney General's Web site indicates that many of the obligors with the most arrearages are blue-collar or occasional workers. The list includes a carnival worker, laborer, food handler, and kitchen worker who owe an average of \$45,000.<sup>7</sup> When one considers the added costs of paying current and future support it is unlikely that parents in these types of vocations will ever be able to get themselves out of arrearages. They probably could not afford an attorney to assist with the establishment or modification of the

child-support order. Even bankruptcy would not be able to help these people, as the Bradley Amendment, which was adopted as federal law, does not allow back child support to be dismissed or reduced under such circumstances.

Even if the parents mutually agree that the custodial parent is to receive no child support, unless specifically spelled out in a court order, the noncustodial parent may find himself or herself in court and ordered to pay back support and interest. An article from the May 19, 1997, *Las Vegas Review-Journal* tells of the tribulations of a “deadbeat mom.” Her ex-husband, a millionaire, was granted custody of their three children and no support was awarded. Five years later her ex-husband took her to court and this woman, who makes about \$1,000 a month, lost and must now pay \$10,000 in retroactive child support. After falling behind in her payments she was given six months to become current in her payments, show serious efforts to find a better paying job, or face jail time. According to Brian Steinberg, an attorney who specializes in family law and is handling the case, “Some people go after support payments, even knowing the other person can’t pay, so they can use the nonpayment as a weapon.”<sup>15</sup>

When arrearages become so large in relation to one’s economic ability to repay the debt, parents can become overwhelmed. A recent study by the Urban Institute helps to illustrate some of the hardships noncustodial parents face. According to their research, 29 to 37 percent of noncustodial fathers were left with incomes low enough to qualify them for the federal food stamp program after paying child support<sup>13</sup> (currently \$931 a month, or just over \$11,000 a year).<sup>14</sup> There have been several stories of delinquent fathers whose

attempts to rectify their situations became so hopeless that they chose to commit suicide. One father hanged himself after being ordered to pay \$2,070 in family support even though he explained to the court that he was on stress leave from work and had a take home pay of only \$1,000 a month.<sup>8</sup>

### **Potential Reasons for Nonpayment**

Despite the millions of dollars that are spent in child-support collection efforts, the fact that roughly half of all support is not paid begs the question, “why?” One major reason is the nonflexibility of supports orders. When their situations change, many noncustodial parents have difficulty in modifying support orders because they cannot afford an attorney and they are often unable to get assistance from state child-support agencies. When an obligor becomes temporarily disabled or is laid off with no income, the child support continues accruing and it becomes an unmodifiable arrearage adversely affecting the state’s collection performance.<sup>8</sup>

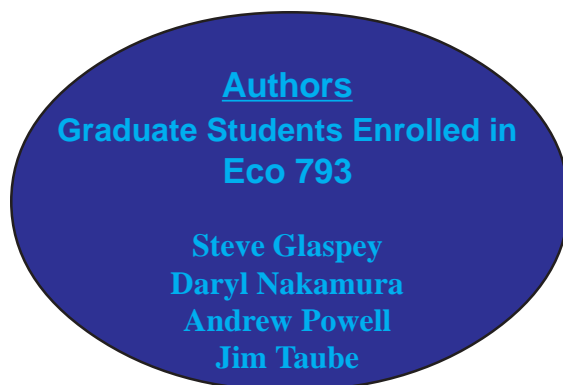
Eventualities such as these happen to families at one time or another. As such, they should be expected by the courts and accounted for. Child-support orders should also anticipate such events and make it easier to make temporary adjustments to reflect temporary interruptions in income. For example, “a child support order could specify that child support will cease to accrue upon the happening of certain events such as job loss, disability, or incarceration.”<sup>7</sup>

Another major contributing factor in nonpayment of child support is lack of access to children. When noncustodial parents feel a child is being withheld from them, they are less likely to pay the support due. This may

become a vicious cycle, with custodial parents withholding access because support is not paid, and noncustodial parents withholding payment because they are unable to see their children. Services to facilitate visitation should be provided by child-support agencies or a supplemental court system. Child-custody orders that provide for joint parenting or significant contact with children will also help to keep support payments paid, as involvement in child rearing is correlated to higher support compliance. When a parent is involved in his/her child's upbringing, the parent is most likely to pay the support that is due.<sup>6</sup>

### Conclusion

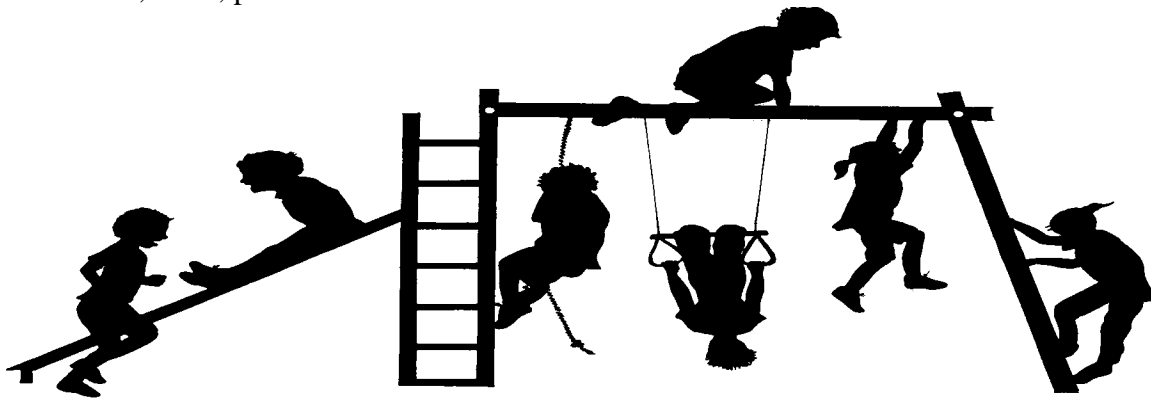
The data seem to suggest that policymakers need to re-examine the way in which child-support payment is determined and collected. One possible area for reform or reevaluation might be in the area of changing the amount of money from year to year to see if the noncustodial parents' wages have changed. This would allow the noncustodial parent the opportunity to keep paying a smaller amount without falling too far behind the amount set by the courts. Despite the measures that have been taken in Nevada and throughout the country to improve the issues of nonpayment of child support, serious problems still exist.



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