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Roger F. Gay

[Congress Tags Child Support as Luxury Income; Collection System an Economic Failure](#)

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Fathers' rights activists have complained about arbitrarily high child support orders for almost two decades. Class action suits were filed, the fathers' rights movement grew, debates broke out in academic journals, a few social scientists demonstrated with calculations and documentation, some men have committed suicide because they were unable to support themselves, and a few serious investigative journalists analyzed in depth.

Congress finally decided to act – with a flat luxury tax on child support income.

Starting next month, parents will see an "annual fee" of \$25 deducted from child support payments as part of a new federal law. It applies to families not in the welfare entitlement system, but who have been forced into the federal child support collection system. Child support money is already taxed at the payer's end as part of regular income with no deduction.

On the basis of constitutional law, child support, along with other marriage and family issues, is a private issue that has historically been handled in state civil proceedings where at least some modicum of individual civil rights was observed. Laws enacted during the Reagan years ultimately led to the legal reclassification of marriage and family as "social policy," incorporating them fully into federal welfare programs. This upset the entire balance between personal life and government intrusion.

At stake were billions of dollars each year in federal hand-outs to states for the operation of highly computerized child support collection systems that initially most states did not want. Each state already had computerized welfare systems and found no advantage in the new product being forced on them by the federal government. Congress responded by allocating money to pay the bill and added incentives to drive higher income, non-welfare families into the system. The private collection industry joined the fray and the era of intense "deadbeat dad" propaganda began.

The incentive payments – based on the amount of child support paid through each state's system – also provoked arbitrary increases in the amount of child support ordered. This

increased both federal payments and collection industry profits. In response to class action lawsuits, federal courts reclassified marriage and family as "social policy." This secured the federal invasion and allowed arbitrary political control of private child support amounts, as with the setting of welfare entitlement levels.

The application of child support laws needed some work. Although never properly analyzed, there were many complaints that the amount ordered depended largely on the judge making the decision. Inconsistency was the basis for replacing case-by-case decisions with politically-determined child support formulae, which still differ from state-to-state. The signal that arbitrary political control was not a solution was immediate, particularly for low income families. Low income payers were often ordered to pay more than the income they received. Higher income payers, shocked by the new gap between any reasonable assessment of their children's needs and payment levels were simply told, "you can afford it" (you mangy greedy deadbeat who dared ask).

There have since been serious efforts to define appropriate child support formulae, [such as here](#), but they have been virtually ignored in political circles. Reducing amounts ordered to reasonable levels would lower income from the federal program.

The clumsy and destructive force of draconian political control is more often reported when it harms custodial parents. The luxury tax will be charged to any custodial parent who has received more than \$500 in child support. Parents receiving greater amounts may be getting the message, "you can afford it," but questions have been raised about those receiving small amounts. That might not be the right place to focus attention.

The purpose of the tax is to pay down the federal deficit. Why should the deficit be a particular problem for child support payers and recipients? For children of divorced and never-married parents? More money is needed to pay for security and defense in these troubled times, but that certainly does not account for special focus on this particular group.

The answer lies in the cost of the federal child support collection program. In the 1990s, promoters called it an "investment." There was consensus among promoters that spending on child support collection would more than pay for itself by reducing welfare dependency allegedly stemming – not from inability to financially support a family – but simply because "deadbeat dads" were allowed to "get away with it." Other taxpayers, paying their children's bills, should be outraged, they argued.

But, aside from a small percentage of cases, easily dealt with through means available to state courts, this was never the case. Statistics showed correspondence between non-payment and poverty – i.e. low and no-income fathers. Statistics on "collection" since the start of the program have shown no significant increase in the percent of the amount ordered that is paid.

Proponents of the program – including the state and private collection industry – often misreport "collections" to payment ratios by including all regular payments forced through state systems. Payments that would have been paid directly between payer and recipient if not forced through the government system comprise most of the "collections" reported for both promotional purposes and for calculation of federal incentive payments. They are not problem payments that ever required action to collect. They are primarily from non-welfare

related cases that would not impact the cost of welfare programs even if they were "collected."


The luxury tax on child support is specified in the Federal Deficit Reduction Act of 2005 specifically for the purpose of paying for the child support collection system. The decision – backed by GAO assessment – clearly demonstrates that the program has not paid for itself and does not have the potential to do so. The obvious question that needs to be asked is why is this program not abolished?

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1. Youwished said,

you have got to be KIDDING me... a LUXURY tax on child support... I supported my son ALONE for 12 years before my ex reliquinshed his rights. I ALONE worked three jobs to support my son and finally this DEADBEAT was made to pay me something and I DO NOT CONSIDER IT A LUXURY, I consider it reayment for years of NO SUPPORT.. HOW DARE ANYONE charge a fee or a TAX on funds that are DUE. DEADBEAT people should be made accountable, the victims are the custodial parent and the child, who are now also being TAXED for something that is cleary SUPPORT NOT A LUXURY! WOW must be a DEADBEAT being made to pay up that wants the hardworking single parent to pay for this "luxury".. it sickens me.. The deadbeat should be made to pay any tax or fees.. NOT THE RECIPIENT.. I only had the state collect due to the deadbeat writing BAD CHECKS..

August 16, 2008 at [6:23 pm](#)

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