



For economic and racial justice

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The Honorable J.B. Pritzker
Governor of the State of Illinois
Office of the Governor
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April 24, 2020

Memo: Recommendations for Revenue from Recovery Rebate Offsets

Dear Governor Pritzker:

Thank you for your leadership on protecting Illinois residents from the spread of COVID-19. We appreciate the steps the administration is taking to ensure that all Illinois residents remain healthy and safe. We represent communities likely to experience the harshest health, housing, family, criminal legal, and economic impact from this crisis. Our clients live in predominately disinvested communities, long victim to discriminatory policies and practices that limited their opportunities and well-being even in the best of times. They are simply without the resources to weather this health and economic crisis alone, now and for the long term. While the state considers additional measures to mitigate the harmful impacts of this crisis on low-income Illinoisans, the Shriver Center on Poverty Law is approaching your office regarding a revenue source that can and should be deployed to assist the communities we serve.

The CARES Act included provisions providing for the issuance of recovery rebates for most Illinois adults with income under \$75,000, amounting to \$1,200 per adult and an additional \$500 per child. While these recovery rebates are insulated from many types of offsets, they are not protected from offset against debt generated from unpaid child support obligations. As a result, these rebates will be offset using the same process by which any person that owes child support has an EITC or income tax return intercepted. When these payments are offset, a portion passes through to the custodial family to whom the child support was owed, and for those families who currently (or previously) receive other support (like TANF or Medicaid) a portion goes to the state. As we understand it, the money generated is not an earmarked pot, and that it comes in as “revenue”, similar to the Medicaid match. As opposed to having this unexpected revenue folded into the state’s general revenue fund, or used for CSS operations, we hope that you will consider recommendations for this revenue that will be guided by the following values:

Racial Equity

The COVID-19 pandemic has laid bare many of the same deep racial inequities that we advocate to eliminate. This pandemic has affected communities of color at rates that are shockingly

disproportionate compared to the country's population. Early data shows that over 70% of Chicagoans that have died from COVID-19 have been Black (compared to roughly 30% of the city's overall population). Across the country, Black people are the most disproportionately affected, with Latinx communities also seeing stark disproportions in negative health impacts. These results are products of a racist system that intentionally deprived black and brown communities of equal opportunity and exposed them to a range of harms. State revenue should be deployed to support low-income people and address racial disparities during this pandemic.

Providing critical support to people left behind by the federal stimulus

The federal legislative response to this global pandemic has been unprecedented in scale. However, many low-income people who are most in need of additional support have been left out of massive federal programs created or expanded to address this crisis. Undocumented immigrants, mixed status households, non-custodial parents, ITIN filers, and many people with income below the federal filing threshold will not benefit from many of the provisions providing some relief to low-income people. State revenue should be directed at supporting these groups.

Providing support to custodial parents owed child support

The recovery rebates are intercepted due to child support arrears owed to custodial families. If the state cannot act quickly enough to increase child support pass through amounts, or suspend laws requiring intercepts to go toward arrears, revenue generated from these intercepts should seek to support the families to whom the money was originally owed.

Providing support to non-custodial parents from whom the money was offset

Studies have estimated that low-income, noncustodial fathers are disproportionately Black, and we know that Black men are more likely to be poor, face labor market discrimination, and have more restricted opportunities to stay employed and pay their child support orders. Child support enforcement is part of the reason that many Black noncustodial fathers are economically insecure as these systems can result in wage garnishment, greater debt, and even incarceration. During a public health emergency that stands to make economic circumstances more precarious for many low-income people, the state should seek to support low-income noncustodial parents who will not benefit from these recovery rebates.

With these values in mind, we ask your administration to consider using the revenue derived from offsets of recovery rebates as direct support for families, rather than support for the state's budget. The CARES Act recovery rebates are meant to provide direct assistance to medium and low-income families in the midst of a health and economic crisis more severe than any in our lifetime. There are currently over 828,000 COVID-19 cases, with nearly 47,000 people having died from the disease. Economic insecurity is at an all-time high, with over 26 million people in the United States filing jobless claims. During these extraordinary times it is imperative that the state use money intended as direct support for that purpose, and deploy revenue generated from offset of recovery rebates to the families.

In California, Governor Newsom issued an executive order suspending the California law that requires Tax Intercepts to go toward arrears, saying in part “financial relief provided under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) should be made swiftly available to individuals who would otherwise be entitled to it—including custodial parents and other caregivers entitled to past due support.” The state should investigate whether suspending similar provisions in the Illinois Comptrollers Act and issuing a comparable executive order could also function to pass intercepted dollars directly to custodial families as opposed to going toward arrears.

We understand the effects this unprecedented crisis will have on state operations. However, if the state is unable to avoid offsets of recovery rebates, it should do everything possible to ensure the intercepted funds go to struggling families instead of easing state operations. We remain ready to help you and the state of Illinois protect low-income Illinois residents. Please let us know if you have any questions.

Sincerely,

/S/ John Bouman

John Bouman
President, Shriver Center on Poverty Law