

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

FOR IMMEDIATE RELEASE
March 1, 2021

CONTACT
Evan.D.Fazio@Illinois.gov

Illinois Department of Healthcare and Family Services Announces Equity-Centric Child Support Interest Policy

Department ends automatic charges disproportionately impacting low income families and parents of color; drops unadjudicated interest

Springfield – In keeping with its commitment to racial and economic equity, the Department of Healthcare and Family Services is changing the way it charges interest on child support obligations. Rather than automatically assessing interest, the department will only assess interest when ordered by a court. Unadjudicated interest balances will be zeroed out while outstanding principal balances will remain.

The policy change is designed to remedy an inequity between low-income families served by the department and families with private child support arrangements.

Illinois is one of only 15 states that automatically charged interest on families served by the state. In contrast, families with private child support arrangements are only charged interest when adjudicated by a court. Since the department predominately serves low-to-middle income families, HFS reviewed the impact of its interest policy along racial and economic lines and determined that low-income families and families of color were disproportionately impacted by automatic interest charges:

Racial identity of family served	% of Total Caseload	% of Interest Owed	Low Income Zip Codes
Black	41%	45%	75%
Latino	13%	12%	11%
Other	14%	12%	10%
White	32%	31%	4%

“This is a prime example of how an equity lens can be used to advance the financial well-being of our customers,” **said Theresa Eagleson, Director of the Illinois Department of Healthcare and Family Services.** “There really was no reason that families served by our department should be penalized with a 9% interest rate when families who can afford to be served through private child support arrangements aren’t automatically charged interest on their balances.”

Research has shown that when an individual's child support obligation exceeds their ability to pay, it leads to insurmountable debt and triggers disengagement rather than larger child support collections. The department determined automatic interest assessment was exacerbating the struggles of low-income families statewide, exposing them to myriad collection remedies, such as driver's license revocation, that can make it even more difficult to overcome personal barriers to repayment.

Fiscal responsibility also played a compelling role in reevaluating the automatic interest policy. Enforcement of interest is extremely time intensive on limited state resources, with meager returns on the investment. Interest enforcement requires large numbers of highly trained staff and is not eligible for federal matching funds, like other child support functions.

As such, under the lenses of racial and economic equity, and the lenses of fiscal responsibility and the efficient use of tax dollars, the department has changed its policy and ceased its enforcement of interest on unadjudicated balances.

For more information, please visit:

<https://www.illinois.gov/hfs/ChildSupport/Pages/InterestPolicy.aspx>