

# Important News from NCSEA

February 2009

**Dear Members and Friends of NCSEA,**

We want to take this opportunity to provide you with an update on the National Child Support Enforcement Association's current legal and financial situation.

We believe most of you know NCSEA filed for Chapter 11 protection under the Bankruptcy Code on January 15, 2009. The purpose of this communication is to let you know how NCSEA got to this position and what it means for our members and the child support community.

It is no news to you that counties and states are the first to feel the impact of economic downturns and the last to savor recovery. We began to anticipate some challenges last spring and summer as some of the states started to pull back on conference attendance and sent out warning signs about the economy. The bottom started falling out last fall and, regrettably, it appears the elevator is still dropping.

As we heard and read about the impact of the economy on local and state government, it became obvious that attendance at the 2009 Annual Conference would be a challenge. As the days went by, and the news got worse, we polled the states about anticipated attendance at the Annual Conference in New York City. It became evident that current and anticipated travel restrictions would have a severe impact on NCSEA's ability to meet the terms of its contract with the conference hotel. The contract stipulates, among other mutual commitments, a specific number of room nights, a minimum expenditure on food and beverage for the conference based on an attendance of over 1,000, and some other obligations. The conference hotel contract includes a liquidated damages clause which escalates the closer we get to the contracted date of the conference. Those liquidated damages increased significantly after December 31, 2008 - which is why the Board decided at the end of December to cancel the conference in New York City.

The liquidated damages are over \$600,000 - so NCSEA decided to file a petition for protection under Chapter 11 of the Bankruptcy Code. We have filed as a small business. **We want to be very clear that the reason we filed at this time is for protection from the liquidated damages from the conference hotel.** NCSEA has retained excellent legal counsel with a good record of getting clients through Chapter 11. We are in the process of working on a plan which will be presented to the court within the next three to six months. That plan will include a proposal on paying our creditors, including the conference hotel.

We are cutting administrative expenses as much as possible, and the Board is working on the strategic direction of the association in these uncertain times. Last week's Policy Forum & Training Conference in Washington, DC was a great professional and financial success, thanks to the participation of so many leaders both within and outside the child support community. It is clear that the training and information-sharing opportunities that NCSEA provides, like the Policy Forum, Web-Talks, and the Child Support Quarterly, are invaluable resources not only for our members and partners but also for policy makers and opinion shapers.

We are contracted for and committed to next year's Policy Forum in Washington, DC January 25-27, 2010. In addition it is important that you know our Policy and Government Relations Committees, under the leadership of Kim Newsom Bridges and her subcommittee chairs - Marilyn Stephen, Sharon Santilli, Tom Horan, Judy Jones Jordan, and Alisha Griffin - are working diligently to address the policy and legislative issues coming to the fore with the 111th Congress and the Obama administration. We fully intend to be engaged in the discussion about the TANF reauthorization and continue in full partnership with all of NCSEA's strategic partners.

This is a challenging time for all Americans, indeed for the whole world. In times of great turbulence and change also come great opportunities. We believe NCSEA and our constituency stand in a position to take advantage of those opportunities. The IV-D community is one used to great changes, stresses and challenges, and we will weather this situation. Your association will continue to work hard on your behalf to provide current training and education opportunities and advocate for the child support program and community at the federal level.

If you have any questions about NCSEA's current situation, please feel free to contact me. I can be reached by e-mail at [colleeneubanks@ncsea.org](mailto:colleeneubanks@ncsea.org) or by phone at 240-595-6600.

**Sincerely,**  
**Colleen Delaney Eubanks, CAE**  
**Executive Director**  
**National Child Support Enforcement Association**