



ASPE

RESEARCH SUMMARY

THE INTERACTION OF CHILD SUPPORT AND TANF

Child support is an important income source for many low-income families, and the receipt of support may be most critical for women as they transition off welfare. In the post-welfare reform era emphasizing work and self-sufficiency, many policymakers now consider child support as a key income support.

Administrators at all levels of government are increasingly recognizing the importance of collaboration between various social service agencies, and the agencies administering welfare (Temporary Assistance for Needy Families, or TANF) and child support are no exception. In the effort to support self-sufficiency, for example, it is important that custodial parents, primarily mothers, know the rules of child support, establish orders, begin to receive child support while on welfare and receive child support payments on a regular basis after leaving welfare. For this to happen, collaboration between TANF and child support agencies is essential.

DATA

To examine the interaction of child support and welfare receipt, MDRC, along with researchers from the Lewin Group and The University of Wisconsin-Madison, analyzed data from five sources: the 1996-2000 Survey of Income and Program Participation (SIPP), the Project on Devolution and Urban Change (Urban Change), Parent's Fair Share (PFS), the Wisconsin Child Support Demonstration Evaluation (CSDE) and Welfare Waiver Evaluations in four states (Connecticut Jobs First, Florida's Family Transition Program, the Minnesota Family Investment Program, and the Vermont's Welfare Restructuring Project).

These data ranged from a nationally representative sample to very select geographic and programmatic subgroups and covered the periods before and after passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Although the data sources cover a variety of time periods, it is important to remember that they do not represent the most current state of the child support system. The child support enforcement system has changed dramatically over the past decades and has continued to change in recent years.

The samples used in this report are restricted to women eligible to receive child support and who had received welfare in the recent past. For examining the child support status of current and former recipients, each data set has both advantages and limitations. Some are more recent than others; some represent very narrow slices of the child support-eligible population; and some rely on survey reports of child support receipt, rather than administrative records data, which are thought to be a more accurate measure of payments. Child support collections are particularly difficult to capture through surveys. Because the government may retain some or all

of the collections made on behalf of current and former TANF recipients, families may not know how much child support is being collected on their behalf, only what they receive. Each data source is used according to its relevance for each research question. In addition, it should be kept in mind that child support outcomes are likely to differ across data sources, given that each source represents a somewhat different segment of the eligible population and a different geographic area.

FINDINGS

Child support is a significant source of family income. When families receive child support, it is an important contributor to their overall income, and it generally takes on more importance in the family budget after women leave welfare. Among all women in the samples who receive child support, this support represents a substantial share of family income, ranging from 12 percent in PFS to 25 percent in the SIPP.

Table 1: Trends Over Time in Child Support Receipt

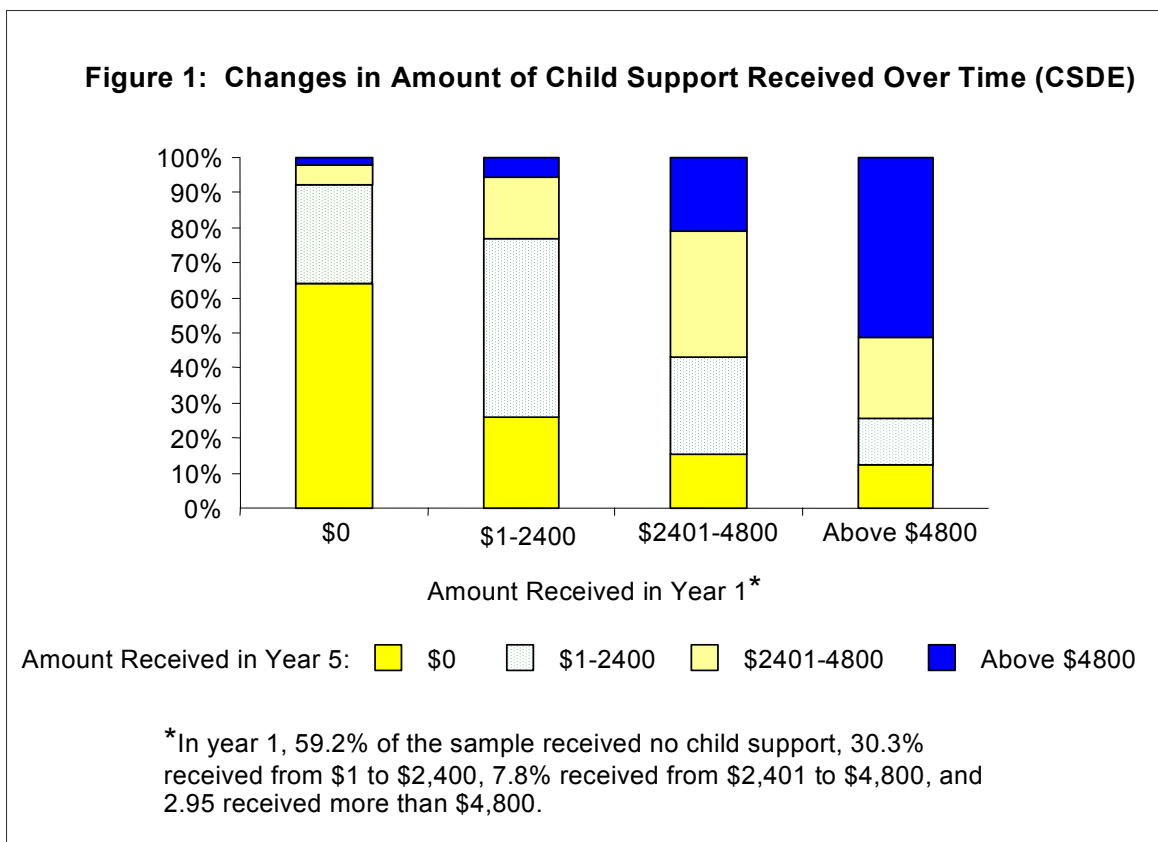
Monthly Data	SIPP		UC		
	Month 20 1997/98	Month 44 1999/2000	Wave 1 1998/99	Wave 2 2001	
<u>All</u>					
With agreement or order in survey month (%)	38.7	43.8	27.0	33.4	
Received child support (%)	22.3	21.9	8.9	15.5	
<u>Among those with agreements or orders</u>					
Receiving child support (%)	48.8	47.9	20.6	37.8	
Average order amount (\$)	288	277	N/A	N/A	
<u>Among those receiving payments (\$)</u>					
Average payment	181	203	177	249	
Monthly payment as percentage of family income (%)	20.8	24.6	14.5	22.2	
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Yearly Data	1998	1999	CSDE		
			2000	2001	2002
Receiving child support (%)	40.8	48	53.2	52.4	52.6
<u>Average payments, among those receiving child support (%)</u>					
\$1-1200	51.5	47.9	47.9	45.4	43.9
\$1201-2400	22.8	22.9	20.5	21.8	21.7
\$2401-3600	12.0	12.9	13.9	13.4	14.4
\$3601-4800	7.1	7.5	7.1	8.6	8.6
\$4800 +	7.1	9.0	10.5	10.9	11.4
Monthly payment as percentage of family income (%)	15.2	17.3	18.0	18.9	19.6

Source: SIPP: Survey of Income and Program Participation 1996 panel, covering a nationally representative sample of current and ex-welfare recipients. UC: Urban Change, covering current and former welfare recipients in four large cities. CSDE: Child Support Demonstration Evaluation in Wisconsin, covering W-2 participants who entered the program in 1997/1998.

Child support outcomes improved over the long term, although payments are somewhat unreliable from month to month. More women are receiving payments; more women are receiving high payments; and child support has become a more important income source. These improvements in child support outcomes were due in part to more women having orders and in part to higher payment rates among women with orders.

Receipt rates increased for women in the Urban Change and CSDE samples, from 9 percent to 16 percent and 41 percent to 53 percent, respectively. The SIPP sample showed receipt rates of about 22 percent in both month 20 and 44 of the panel. Average amounts received (among women receiving payments) increased over time for all samples including the SIPP, with the result that child support became a greater fraction of family income. Note that the CSDE numbers are yearly and therefore not directly comparable to the monthly SIPP and UC. (See Table 1)

In general, child support outcomes improved more over time for welfare recipients than for those who had left welfare by the first follow-up survey. The increase in receipts for welfare recipients represented a real increase in payments made on their behalf and was not simply an increase in the amount of support received due to the fact that some of them left welfare subsequent to the first survey. In the SIPP and Urban Change samples award rates increased over time, and those with awards had an increase in payments rates. The changes were largest for the Urban Change sample, perhaps because there was more room for improvement. Average receipts (among those receiving payments) also increased for most groups, with relatively larger increases for those still on welfare as of the first survey.



Further analysis from the CSDE indicates that this increase in receipts for those on welfare is due in part to an increase in payments made by noncustodial fathers, and not simply to the fact that mothers began to receive more of the payments on their behalf after they left welfare. Data from the CSDE also show that among women who were receiving child support in the first year of measurement, most were receiving a similar amount (51%) or more (34%) five years later. (See Figure 1.)

Reliability of payments varied. Among women who were receiving child support early in the PFS and SIPP panels, for example, from 35 percent to 39 percent did not receive payments for more than 5 consecutive months. For the SIPP sample, women who received payments at some point during the first year received them for an average of 18.5 months out of the 48-month period. Women in PFS who received payments at some point during the panel received payments for an average of 7.8 months out of the 14-month period.

Child support can strengthen family self-sufficiency. In the national SIPP sample, child support receipt increased the likelihood of leaving welfare and of being employed within the six months following welfare exit. For the SIPP sample, child support receipt increases the likelihood of leaving welfare, reduces the likelihood of returning, and has no significant effect on the likelihood of working. In the instrumented models, child support continues to increase the likelihood of leaving welfare and now has a statistically significant effect on work.

However, consistent effects on work and self-sufficiency were not identified in the experimental data, which looked at more limited samples. Both the CSDE and PFS evaluations found few lasting effects on these secondary outcomes. In CSDE, for example, mothers in the treatment group received fewer welfare benefits than those in the control group, although this effect did not persist beyond the first year. There were few effects on mothers' employment and earnings. Results for PFS were similar, showing little effect on mother's employment rates or welfare receipt rates, even for subgroups that showed relatively larger increases in child support receipt.

Child support distribution policy makes a difference. Families receive more of the child support collected on their behalf when they leave TANF, and when there is a partial or full pass-through.

Table 2 presents data on child support receipt by welfare status at the time of the follow-up surveys. In general, those who left welfare reported higher levels of child support receipt than those who were still receiving benefits.¹ In the SIPP, for example, among women who were still on welfare, 36 percent had orders and 20 percent reported receiving payments. Among those who had left welfare, 49 percent had orders and 28 percent received payments. Among those with orders, women who had left welfare were also more likely to receive payments (50 percent versus 43 percent), although average order amounts were similar. This pattern also holds for the Urban Change sample, but is less pronounced for the PFS sample.

Former welfare recipients may receive more in child support simply through the "mechanical" effect of receiving more of the collections paid on their behalf. Mothers on welfare, in contrast, will receive only the

¹Higher amounts for leavers does not necessarily imply that less child support is being paid on behalf of welfare stayers but, rather, that they may be reporting only the amount they are receiving through the pass-through.

pass-through amount or, if they live in a state that eliminated the pass-through, no child support. In addition to this mechanical effect, leaving welfare may induce certain behavioral changes as well. Mothers may be more proactive in seeking child support once they no longer have welfare as a source of income. In addition, fathers may be more likely to pay or pay more in child support once mothers leave welfare, knowing that the mothers will now receive all of their payments. Further, it is possible that a programmatic decision to prioritize TANF cases or certain TANF cases would impact child support receipt.

Table 2: Child Support Receipt, by Welfare Status

Monthly Data	SIPP - Month 20 1997/98		UC - Wave 1 1998/99		PFS - Month 14 1996/97	
	On Welfare	Off Welfare	On Welfare	Off Welfare	On Welfare	Off Welfare
<u>All</u>						
With agreement or order	36.1%	48.6%	25.8%	33.9%	N/A	N/A
Received child support	19.5%	27.8%	7.5%	15.5%	N/A	N/A
<u>Among those with orders</u>						
Received child support	43.3%	49.5%	18.5%	29.1%	32.9%	34.2%
Average order amount	\$282	\$288	N/A	N/A	\$201	\$237
<u>Among those receiving payments</u>						
Average payment	\$125	\$270	\$145	\$257	\$114	\$194
Monthly payment as fraction of family income	14.3%	34.1%	11.9%	20.8%	9.7%	16.1%

Yearly data from the 1999 CSDE shows that leavers are more likely than stayers to receive child support (50.5 percent versus 44.7 percent), and they received higher amounts on average. For example, 12 percent of women on welfare received more than \$3,600 a year in child support compared to 20 percent of women who no longer received TANF. Because these data are from administrative records, these differences in amounts received are real, rather than a result of women on welfare reporting less than what is being paid on their behalf.

More generous pass-through and distribution policies increased payment rates by fathers and receipt rates by mothers. In Wisconsin, moving from a partial to a full pass-through policy led to an increase in payments by noncustodial fathers and an increase in the average amount paid, although the latter effect was statistically significant only for a limited time. These policies also have some short-term effects on paternity establishment, through a speeding up of the process.

Parents do not understand child support distribution rules, nor do they know when the rules have changed. Results from the SIPP suggest that, nationwide, mothers who are receiving welfare do not know how much support is being collected on their behalf or how their child support collections are distributed. In Wisconsin, fewer than half of the mothers and only about a quarter to a third of fathers responded correctly to questions about the pass-through rules. Experience in the child support system is

associated with higher knowledge levels, but even parents with substantial welfare history have fairly low levels of knowledge. Low knowledge levels were found for those who experienced a change in policy, moving from the partial pass-through under AFDC to the full pass-through under W-2.

Among the four state welfare waiver programs analyzed, the two programs with welfare time limits increased child support receipt and decreased welfare receipt. Florida's Family Transition Program (FTP) and Connecticut's Jobs First, which both included time limits on welfare receipt, led to statistically significant reductions in welfare receipt and increases in child support receipt. In FTP, women who left because of a time limit were more likely to receive child support than control group leavers or those who left before the time limit. A similar pattern was shown in the final report for the FTP evaluation, in which time-limit leavers were more likely to receive other transfers, such as food stamps. This was in part attributed to the difference to the exit interviews given to women reaching their time limits, in which eligibility for nonwelfare benefits was assessed. In contrast, receipt rates are very similar for the three groups in Jobs First. Although exit interviews were also given to women approaching time limits in Jobs First, a key difference between Jobs First and FTP was the way in which the time limit was implemented. Under Jobs First, many recipients who reached their time limit without jobs or with very low earnings were given six-month extensions. Thus, the time-limit leaver group in Jobs First comprised women with higher average earnings than the other two groups, which may have reduced the need to pursue child support.

A full copy of the report can be accessed at: <http://aspe.hhs.gov/hsp/>

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