

CLASP

CENTER FOR LAW AND SOCIAL POLICY

The Child Support Program: An Investment That Works

By Vicki Turetsky

April 2005

The child support program enforces the responsibility of parents to support their children when they live apart. The child support program is jointly funded by federal and state governments under title IV-D of the Social Security Act. The program collects child support for families, establishes the legal relationship between children and their unmarried fathers, and obtains private health care coverage. Families receiving Temporary Assistance for Needy Families (TANF) cash assistance or Medicaid must participate in the child support program, while other families may apply for child support services. Any child is eligible for state child support services, regardless of income.¹

Child Support Makes a Difference to Children.

- **Child support dollars matter to families.** In 2003, the child support program served 17.6 million children and collected \$20.1 billion in private child support dollars.² Next to the mothers' earnings, child support is the second largest income source for poor families receiving child support. Among families receiving support in 2001, families below poverty received an average of \$2,500 in support, or 30 percent of total family income. Families between 100 and 200 percent of poverty received nearly \$4,000, or 15 percent of family income. Thirty-six percent of children with family incomes below the federal poverty level received child support, while 50 percent of families with incomes between 100 and 200 percent of poverty received support.³ Almost two-thirds of low-income families with child support receive steady payments.⁴
- **Child support helps connect children to their fathers.** Fathers who pay regular child support are more involved with their children, providing them with emotional as well as financial support.⁵ Reliable child support has a positive effect on children's achievement in school, and appears to have a greater impact on children dollar for dollar than other types of income.⁶ Strengthened child support enforcement reduces divorce rates, especially for couples in which the mother is likely to go on welfare. Child support also appears to deter non-marital births.⁷ There is also evidence that regular child support payments may reduce severe conflict between the parents.⁸

- **Child support touches the lives of many working families.** Sixty percent of all single parent families participate in the child support program. The vast majority of program participants are former welfare families or other working families with modest incomes. Sixty percent of program participants receive some form of public assistance, such as TANF, Medicaid, Food Stamps, Supplemental Security Income (SSI), or subsidized housing.⁹ Low-income families are significantly more likely to receive child support if they participated in the child support program at some point.¹⁰

Child Support Increases Self-Sufficiency.

- **Child support reduces welfare use.** Families who receive child support are more likely to leave welfare and less likely to return.¹¹ There is evidence that child support is an alternative to cash assistance—families are less likely to use cash assistance when child support is available.¹² One-fourth of the welfare caseload decline between 1994 and 1996 may have been attributable to child support enforcement.¹³ After 1996, the number of TANF cases closed with child support has increased steadily.¹⁴ Receipt of child support is especially important to help families stabilize their incomes after leaving welfare.¹⁵
- **Parents with regular child support hold jobs longer.** Parents with regular child support payments are more likely to find work faster and to stay employed longer than those who do not. Child support supplements low earnings and helps families weather a job loss or other financial crisis.

The Child Support Program Works.

- **Program performance has improved dramatically.** Child support collection rates have more than doubled since 1996, when Congress overhauled the program as a part of welfare reform. In 2003, 50 percent of families in the child support program received child support, up from 20 percent in 1996. Collected dollars increased by more than 75 percent since 1996, to \$21 billion from \$12 billion.¹⁶
- **The program has especially benefited former welfare families.** Child support collections have increased, even though the child support caseload has declined. Collections for former TANF families have increased the most. Between 1999 and 2003, the number of former TANF cases remained unchanged. Yet collections for former TANF families increased 75 percent. By comparison, the number of families who never received welfare declined 7 percent, while collections for these families increased 14 percent.

The Child Support Program is Cost-Effective.

- **For every dollar spent, the child support program collects \$4.33 in child support payments.**¹⁷ Public dollars invested in the child support program yield more than a four-fold return in child support dollars. In 2003, the child support

program collected \$21.2 billion in child support.¹⁸ Federal and state costs were \$5.2 billion. The federal government pays 66 percent of program costs, with states paying the rest.

- **Ninety percent of these dollars were paid to families.** Of the \$21 billion collected each year by the child support program, \$19 billion is paid directly to families. In addition, the government holds back \$2 billion to help repay TANF and foster care costs.
- **The child support program pays for itself.** The child support program directly decreases the costs of other public assistance programs by increasing family self-sufficiency. A study conducted by the Urban Institute found that the child support program cost \$4 billion in 1999, but saved more than \$4.9 billion in direct budgetary reductions in federal and state outlays in public assistance programs. The child support program avoided more than \$2.6 billion in other programs, including TANF, Medicaid, Food Stamps, SSI, and subsidized housing. In addition, the child support program saved \$2.3 billion in recouped TANF and foster care costs.¹⁹

You Get What You Pay For.

- **Improved performance is related to improved funding.** The research shows that child support performance and funding levels are directly related. Increased investment of federal and state dollars since 1996 has contributed to improved performance.²⁰ The more effective the child support program, the higher the savings in public assistance costs.²¹
- **If the federal government cut back on its funding commitment, families will receive less child support.** State experience with budget cuts suggests that when funding for the child support program declines, performance declines quickly follow.²² If the federal government shifts costs to states, state are ill-equipped to make up the difference. The result is likely to be less child support for families and an increase in public assistance use.

For additional information, contact Vicki Turetsky, vturet@clasp.org (202) 906-8012.

¹ 42 U.S.C. 654(4).

² U.S. Department of Health and Human Services, Office of Child Support Enforcement. (2004). *Child Support Enforcement FY 2003 Preliminary Data Report*, table 6. Washington, DC: Author. Retrieved April 20, 2005 from www.acf.hhs.gov/programs/cse/.

³ Sorensen, E. (2003). *Child Support Gains Some Ground*. Washington, DC: Urban Institute. Retrieved April 20, 2005 from www.urban.org.

⁴ In an analysis of several research samples, between 35-39 percent of current and former welfare recipients did not receive payments for more than 5 consecutive months. Miller, C., Farrell, M, Cancian, M. &

Meyer, D. (2005). *The Interaction of Child Support and TANF: Evidence from Samples of Current and Former Welfare Recipients*. Report prepared for U.S. Health and Human Services. Washington, DC. Retrieved April 20, 2005 from www.aspe.hhs.gov.

⁵ Seltzer, J., McLanahan, S., & Hanson, T. (1998). "Will Child Support Enforcement Increase Father-Child Contact and Parental Conflict After Separation?" In I. Garfinkel, S. McLanahan, D. Meyer, & J. Seltzer (Eds.), *Fathers Under Fire*. New York, NY: Russell Sage Foundation.

⁶ Barnow, B., Dall, T., Nowak, M. & Dannhausen, B. (2000). . *The Potential of the Child Support Enforcement Program to Avoid Costs to Public Programs: A Review and Synthesis of the Literature*. Report prepared for the U.S. Department of Health and Human Services. Washington, DC. Retrieved April 20, 2005 from www.acf.hhs.gov/programs/cse/.

⁷ Barnow, et al., 2000.

⁸ Meyer & Cancian, 2001.

⁹ Mellgren, L., Burnszynski, J., Douglas, S. & Sinclair-James, B. (2004). *Characteristics of Families Using Title IV-D Services in 2001*. Washington, DC: Office of Assistant Secretary of Policy and Evaluation, U.S. Health and Human Services. Retrieved April 20, 2005 from www.aspe.hhs.gov. Sorensen, 2003. In 2001, 60 percent of families participating in the child support program had incomes below 200 percent of the poverty line, while only 30 percent of non-participating families had incomes that low. One-third of participating families were poor, compared to 10 percent of non-participating families. Almost 80 percent of participating families had incomes below 300 percent of poverty, or \$43, 890 for a parent and two children.

¹⁰ Sorensen, E. & Zibman, C. (2000). *To What Extent Do Children Benefit from Child Support?.* Washington, DC: Urban Institute; Sorensen, E. & Zibman, C. (2000). *Child Support Offers Some Protection Against Poverty*. Washington, DC: Urban Institute.

¹¹ Miller et al., 2005; Sorensen & Zibman, 2000; Garfinkel, I., Heintze, T., & Huang, C. (2001). "Child Support Enforcement: Incentives and Well-being," In B. Meyer & G. Duncan (Eds.), *The Incentives of Government Programs and the Well-Being of Families*. Chicago, IL: Joint Center for Poverty Research. Retrieved April 20, 2005 from www.jcpr.org.

¹² Barnow, et al., 2000; Sorensen & Zibman, 2000.

¹³ Garfinkel, et al., 2001.

¹⁴ U.S. Department of Health and Human Services, Office of Child Support Enforcement, *FY 2002 Annual Statistical Report*, table 50, and preceding reports. In the five-year period between 1996 and 2000, the number of TANF cases closed with child support payments increased 55 percent.

¹⁵ Formoso, C. (1999). *The Effect of Child Support and Self-Sufficiency Programs on Reducing Direct Support Public Costs*. Olympia, WA: Washington State Division of Child Support.

¹⁶ Office of Child Support Enforcement, *FY 2003 Preliminary Data Report*, table 2, and preceding reports.

¹⁷ Office of Child Support Enforcement, *FY 2003 Preliminary Data Report*, table 2.

¹⁸ Office of Child Support Enforcement, *FY 2003 Preliminary Data Report*, table 2.

¹⁹ Wheaton, L. (2003). *Child Support Cost Avoidance in 1999*. Report prepared for the U.S. Department of Health and Human Services by the Urban Institute. Washington, DC. Retrieved on April 20, 2005 from www.acf.hhs.gov/programs/cse/.

²⁰ Garfinkel et al., 2000; Fishman, M., Tapogna, J., Dybdal, K., & Laud, S. (2000). *Preliminary Assessment of the Associations between State Child Support Enforcement Performance and Financing Structure*. Falls Church, VA: Lewin Group; Turetsky, V. (1998). *You Get What You Pay For: How Federal and State Investment Decisions Affect Child Support Performance*. Washington, DC: Center for Law and Social Policy.

²¹ Wheaton, L. & Sorensen, E. (2003). Reducing Welfare Costs and Dependency: How Much Bang for the Child Support Buck? *Georgetown Public Policy Review* 4(1):23-37; Barnow, et al., 2000.

²² Turetsky, 1998.