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The Child Support Enforcement Program: A Sound Investment in Improving Children's Chances in Life

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Child support is an “unsung hero” of welfare reform. In 1996, Congress enacted a major package of bipartisan improvements to the child support enforcement program (CSE). Since these and other changes were put into place, child support collections have increased significantly. Researchers at the University of Michigan have estimated that an important share of the decline in the number of families receiving Temporary Assistance for Needy Families (TANF) income supplements in recent years has been due to improvements in CSE.

Families receiving child support are more likely to have jobs, and less likely to be poor, than comparable families without child support. There also is growing evidence that children in single-parent families who receive child support do better on several measures of child well-being than similar children who do not receive child support.

CSE provides a considerable return on the public's investment in it: CSE collects \$4.38 in child support for every \$1.00 it spends to collect that support. Furthermore, for each dollar that the government spends to collect child support, it saves more than a dollar in reduced public assistance costs. These estimates are conservative, as they don't include any estimate of the

Child Support Enforcement (CSE) works to ensure that parents who do not live with their children meet their obligations to provide financial support for those children. In addition to collecting child support—primarily by withholding the amounts owed from parents' paychecks and transmitting them to the parent or guardian who is caring for the child—CSE often obtains health coverage for children by ensuring that the non-custodial parent's health insurance policy covers the children. CSE also locates parents who are not supporting their children and establishes paternity and legally binding child support obligations.

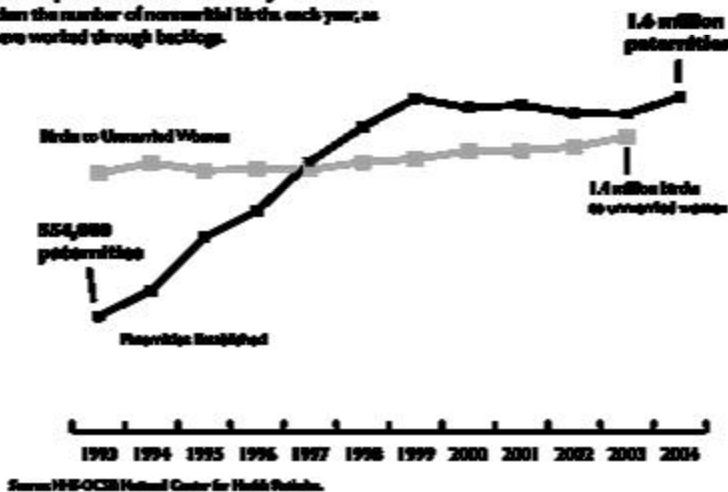
In 2004, 17.3 million children received support through the CSE system, including nearly two-thirds of all children in single-parent families with incomes below twice the poverty line. Most families assisted by CSE have low or moderate incomes; about two-thirds of these families either currently receive income supplements through TANF or have received such assistance in the past.

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Paternity Establishment

The number of paternities established by the child support program has nearly tripled since 1993. More than 1.6 million paternities were established in 2004. Since 1997, the number of paternities established each year has been higher than the number of nonmarital births each year, as states have worked through backlogs.



ways in which CSE improves children's quality of life and long-term opportunities.

CSE ensures that low-income children receive child support. Since Congress made improvements in these areas in 1993, the number of cases in which the paternity relationship between fathers and their children is legally established each year by CSE has nearly tripled and the number of legal orders for parents to provide health coverage for their children has nearly quadrupled.

In addition, since CSE was given new enforcement tools in 1996, its "success rate" (the share of families assisted by CSE who ultimately receive child support) and the total amount of support it collects have increased dramatically. For example, in 2004, CSE:¹

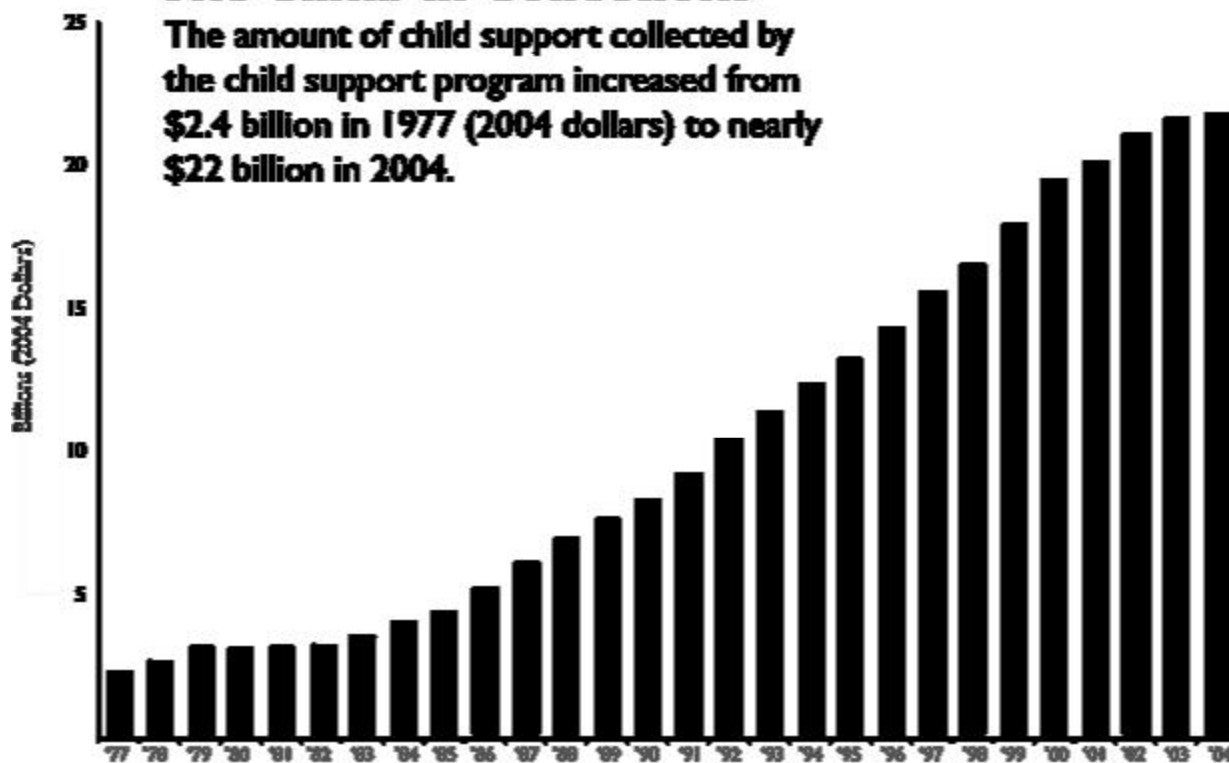
- collected \$21.9 billion in child support;
- collected child support in nearly 70 percent of the cases in which legally binding orders to pay child support were in place;
- established legal paternity for more than 1.6 million children; and
- obtained more than 1.2 million support orders directing non-custodial parents to pay specified amounts of child support for their children.

CSE supports work and reduces poverty. Research has found that families who receive regular child support payments are more likely to be employed and less likely to be poor. Single parents who receive regular child support payments are likely to find jobs faster and hold them longer than those who do not receive such payments, even after controlling for various factors that might influence employment.² The payments can help working parents make ends meet—for example, pay for child care, food, shelter, and school clothes—and weather financial crises without returning to public assistance.³ Among those families who previously received TANF income supplements, almost two-thirds of families with child support receive steady payments.⁴

Child support does more than support work—it helps reduce child poverty. In 2002, child support payments lifted more than a million Americans above the poverty line.⁵

The Climb in Collections

The amount of child support collected by the child support program increased from \$2.4 billion in 1977 (2004 dollars) to nearly \$22 billion in 2004.



Source: HHS-OCSE

CSE saves the government money by reducing the need for public assistance. Increases in the amount of child support collected for families appear to have been a significant factor in the decline in the number of families receiving AFDC and TANF income supplements during the 1990s. Researchers at Columbia University found that at least one-fourth of that decline between 1994 and 1996 may have been attributable to increased receipt of child support.⁶ In addition, other research indicates that single parents who receive regular child support payments are less likely to rely on public assistance than single parents who do not receive regular child support.⁷

Child support payments lift more than a million Americans above the poverty line each year.

Once the savings in public assistance attributable to child support are counted, CSE actually saves the government money. A study conducted by the Urban Institute found that CSE saved the federal government and the states nearly \$5 billion in public assistance costs in 1999, or about \$1 billion *more* than the CSE program cost to operate that year.⁸

CSE improves child well-being. There is increasing evidence that children in single-parent families who regularly receive child support do better in a variety of ways than children who do not receive such support.

- Receipt of child support appears to have a positive effect on children's achievement in school.⁹
- Fathers who pay child support are more involved with their children.¹⁰
- A Wisconsin study suggests that when TANF families receive reliable child support payments, severe conflict between the parents may be reduced.¹¹
- A solid body of research indicates that enforcing child support obligations reduces divorce rates and deters non-marital births.¹²

Improving on Child Support's Successes

Child support makes an enormous difference in the lives of millions of children—it lifts one million children out of poverty each year, helps families with incomes above the poverty line make ends meet, and most likely leads to long-term improvements in children's lives.

Of course, there is still room for improvement. The majority of poor children who live in single-parent families do not receive child support. CSE can do more to establish support obligations and collect support in a timely manner. Sometimes, however, the fathers of poor children are poor themselves, and have a limited ability to provide support.¹³ CSE can do more to connect poor non-custodial parents to job training and other services. While there are many promising local initiatives, more could be done at the state and national levels to encourage and finance services and benefits for low-income fathers that boost their ability to provide support to their children. CSE also can do more to set realistic child support orders for low-income fathers, to intervene early when a parent misses a payment to prevent the accrual of large arrearages, to reinforce parents' connection to their children by ensuring that support is paid directly to custodial parents of children receiving TANF and through other strategies, to update and use technology effectively, and to partner with community agencies to help families get the services they need.

One promising proposal involves extending the Earned Income Tax Credits (EITC) to fathers who are meeting their child support obligations. Low-income workers between ages of 25 and 64 who are not raising children are eligible only for very small EITC benefits. Workers under the age of 25 are not eligible for any credit. Recently, the governor of New York and the mayor of the District of Columbia proposed modifying their state EITC to boost the credit for workers who are not raising children in their homes, but are paying child support.

Medical support, which typically involves requiring a non-custodial parent to enroll their child in employer-sponsored dependant's health insurance coverage, is another area where there is considerable room for improvement. In 2000, the National Medical Support Working Group issued a report that included more than seventy recommendations designed to improve CSE's

effectiveness in the area of medical support. Unfortunately, progress on implementing the recommendations has been slow. Congress could improve medical support by implementing the report's recommendations for changes in federal law.¹⁴

¹ U.S. Department of Health and Human Services, Office of Child Support Enforcement. *Child Support Enforcement FY2004: Preliminary Data Report*. 2005. Retrieved August 3, 2005, from www.acf.hhs.gov/programs/cse/pubs/2005/reports/preliminary_report/.

² Formoso, Carl. *Child Support Enforcement Net Impacts on Work and Welfare Outcomes Pre- and Post-PRWORA*. 2000. Retrieved on October 21, 2005 from <http://www1.dshs.wa.gov/dcs/reports.shtml>

³ Huang, Chien-Chung; Garfinkel, Irwin; and Waldfogel, Jan. *Child Support and Welfare Caseloads* 2000. Meyer, Daniel. "Child Support and Welfare Dynamics: Evidence from Wisconsin." *Demography* 30(1), 45-62.

⁴ Miller, Cynthia; Farrell, Mary; Cancian, Maria; and Meyer, Daniel. *The Interaction of Child Support and TANF: Evidence from Samples of Current and Former Welfare Recipients*. 2005. Retrieved October 21, 2005 from <http://www.mdrc.org/publications/397/execsum.html>.

⁵ Analysis by Center on Budget and Policy Priorities of unpublished Census Bureau data.

⁶ Garfinkel, Irwin; Heintze, Teresa; and Huang, Chien-Chung. *Child Support Enforcement: Incentives and Well-Being*. 2002.

⁷ Miller, *et al.*, *supra*. Sorensen, Elaine and Zibman, Chava. *To What Extent Do Children Benefit from Child Support?* 2000. Retrieved September 20, 2005 from <http://www.urban.org>.

⁸ Wheaton, Laura and Sorensen, Elaine. "Reducing Welfare Costs and Dependency: How Much Bang for the Child Support Buck?" *Georgetown Public Policy Review* 4(1), 23-37; Barnow, Burt; Dall, Timothy; Nowak, Mark; and Dannhausen, Barbara. *The Potential of the Child Support Enforcement Program to Avoid Costs to Public Programs: A Review and Synthesis of the Literature*. 2000. Retrieved October 21, 2005 from www.acf.hhs.gov/programs/cse/rpt/cs_cost_avoidance_finalrpt.pdf.

⁹ Knox, Virginia. "The Effects of Child Support Payments on Developmental Outcomes for Elementary School-age Children." *Journal of Human Resources*, 31(4), 816-840; Graham, J., Beller, A., and Hernandez, P. (1994). "The Effects of Child Support on Educational Attainment" in Garfinkel, Irwin; McLanahan, Sara; and Robins, Philip (eds.), *Child Support and Child Well-Being*. 1994; Knox, Virginia and Bane, Mary Jo. "Child Support and Schooling" in Garfinkel, *et al.*, *supra*.

¹⁰ Seltzer, Judith; McLanahan, Sara; and Hanson, Thomas. "Will Child Support Enforcement Increase Father-Child Contact and Parental Conflict After Separation?" in Garfinkel, Irwin; McLanahan, Sara; Meyer, Daniel; and Seltzer, Judith. *Fathers Under Fire*. 1998.

¹¹ Meyer, Daniel and Cancian, Maria. *W2 Child Support Demonstration Evaluation, Phase I: Final Report*. 2001. Retrieved on October 21, 2005 from <http://www.irp.wisc.edu/research/childsup/csde/publications/phase1.htm>

¹² Barnow, *et al.*, *supra*.

¹³ Sorenson, Elaine and Zibman, Chava. *Poor Dads Who Don't Pay Child Support: Disadvantaged or Deadbeats?* 2001. Retrieved on October 21, 2005 from <http://www.urban.org>.

¹⁴ See Roberts, Paula. *Medical Support Update: The Federal Scene*. 2005. Retrieved on October 21, 2005 from www.clasp.org/publications/medical_supp_update072505.pdf.