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CHILD SUPPORT: INTERACTIONS BETWEEN PRIVATE AND PUBLIC TRANSFERS

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ABSTRACT

Child support is a private transfer that is integral to the means-tested public transfer system. Support payments generally lower the budget costs of welfare as well the incentives for parents to participate. The Child Support Enforcement (CSE) program, which establishes and enforces support obligations, also affects the incentives of the non-custodial parent donors and ultimately the distribution of incomes. While not formally income-tested, CSE still targets low-income families because so many custodial families are poor. This paper reviews the history of the CSE program; the economic rationale for government's role; trends in support awards and payments; the importance of child support to low-income families; the capacity of non-custodial parents to pay child support; trends in costs, financing and effectiveness of the CSE program; the effects of child support on behavior; equity issues in child support; and proposals for reform. Despite efficiency gains in the CSE program, especially in establishing paternity, a shift in the composition of cases has offset these improvements, causing support payments per custodial mother to rise only modestly in real terms.

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Introduction

Child support is a private transfer, typically from the non-custodial parent to a custodial parent. While neither public transfer nor means-tested, child support is integral to the means-tested public transfer system. Governments have come to play a major role in enforcing private support obligations. Traditionally, in the U.S., state governments and courts exercised authority over laws governing divorce and parental financial obligations, including decisions about how much parents owe and how to make sure parents pay their obligations. As the welfare rolls and the number of one-parent families soared in the late 1960s and early 1970s, several members of Congress began looking for ways both to reinstate the financial responsibility of parents and to reduce welfare costs. In 1974, Senator Russell Long, the powerful Chair of the Senate Finance Committee, convinced Congress that establishing a federally funded child support enforcement program was part of the solution.

The Child Support Enforcement (CSE) program was established in 1975 as part D of the Social Security Act. The statute authorized federal matching grants to states to collect support obligations, to establish paternity, and to obtain support awards. In turn, states had to provide child support enforcement services to welfare recipients (Aid to Families with Dependent Children, AFDC) and any non-welfare family who requested them. Furthermore, it decreed that, as a condition of receiving cash benefits, AFDC families had to assign their rights to collect child support to the state to compensate it for the cost of providing aid to the family and they had to cooperate with the CSE agency in establishing paternity and securing support. Thus, Congress created two functions for the child support enforcement program that remain today—to increase child support and reduce welfare costs.

CSE helps set and enforce the terms of private transfers, directing the flow from a responsible donor (the non-custodial parent) to a deserving recipient (the child). In contrast, standard transfer programs establish no direct link between an individual taxpayer and a recipient. Instead, the source of the transfer is from taxpayers as a whole and the payments go to recipients as a whole. In practice, the case of CSE varies with the welfare status of the family. For non-welfare families, CSE assures that individual donors meet their responsibility to individual recipients. For welfare families, CSE establishes a link between payments by a responsible donor and dollar savings by taxpayers.

Child support's direct effect upon non-custodial parents is central to understanding how its incentive and distributional effects differ from those of standard income transfer programs. We must explicitly take account not only of the recipient's utility function, incentives, and income level, but the donor's as well. One implication is that the effects on the distribution across income groups are less clear than those of standard income transfer programs. Since the incomes of the donors can be lower than the incomes of recipients, raising support payments could yield little reduction in inequality or poverty, especially if the relevant policies themselves create costly disincentives. Some non-custodial parents view their payments as nothing more than a tax, either because they gain little or no utility from raising their child's living standard or because their support payments simply offset government benefits. In such cases, child support payments clearly exert a direct effect on the incentives of the donor as well as of the recipient.

In addition, CSE provides a set of open-ended services that are not means-tested as other transfer programs are. For all custodial parents, the state CSE agency will assist in establishing support awards and collecting them. Even in the absence of formal income-testing in CSE programs, the program ends up targeting low-income families because so

many custodial families are poor. In 1997, 37 percent of custodial parent families were poor and only 20 percent had incomes greater than 300 percent of the poverty threshold.

Nonetheless, the involvement of moderate-income parents influences the perception, operations, and political debate over CSE in ways that are not present for other means-tested programs. On one hand, the role of CSE becomes less controversial when seeking support for moderate-income parents because non-custodial parents usually have the capacity, if not the will, to pay. On the other hand, middle income fathers subject to higher support awards and more rigorous collection strategies have increasingly sought assistance in claiming their visitation rights.

The dramatic reductions in welfare caseloads illustrate the changing interplay between child support and income transfers programs. When the majority of low-income, one-parent families received AFDC, custodial parents eligible for child support often faced weak incentives to seek support and non-custodial parents saw little gain for their children by making support payments. Today, as fewer families receive cash welfare assistance, support payments can become more of a supplement to the incomes of low-income families and less of a substitute for government benefits. For low-income families, this means that child support can raise the living standards of their children. For states, however, this means that their CSE programs have less ability to reduce welfare costs.

The purpose of this paper is to examine child support policies, especially the activities of the Child Support Enforcement Program, and how they interact with transfer policies and affect the low-income population. The next section reviews the history of the CSE program, its rules, and objectives. Second, we review the economic rationale for government's role in child support. Third, we describe trends in child support awards and payments. Fourth, we discuss the importance of child support to low-income families. The

fifth section examines the capacity of non-custodial parents to pay child support. The sixth section discusses the trends in costs and effectiveness of the child support program. The seventh section reviews the financing of this program. In the eighth section, we examine the effects of child support incentives on behavior. The ninth section discusses remaining equity issues within child support. In the tenth section, we consider several reform proposals. The final section draws conclusions about directions for the future of child support policies.

Program History, Rules, and Goals

State family law has traditionally governed marriage, divorce, child custody and support, adoption, and child welfare.¹ Under state statutes, mothers² were able to go to local and state courts to request payments and custody as part of a divorce, separation, or paternity proceeding. When the parents could not agree, judges used a great deal of discretion to decide how much non-custodial parents were to pay as child support and/or alimony. This approach was problematic in several respects. First, low-income parents too often had little access to the system because of the high expense of going to court. Second, judicial discretion led to wide variations in child support obligations, even among divorce or paternity cases involving similar circumstances. Third, the only recourse for the nonpayment of child support was going back to court, which had proven ineffective.

When the federal government began to intervene in 1950, its focus was on children receiving public assistance because of abandonment or desertion by parents.³ The 1950 amendments to the Social Security Act required state welfare agencies to notify law enforcement officials so that the legal responsibilities of the parent could be enforced and thus allow welfare programs to count support payments as resources available to the family (Solomon, 1989).

The Social Security Amendments of 1974 marked the first significant involvement of the federal government in making child support policy (Solomon, 1989). As Table 1 notes, the 1974 amendments established the federal Office of Child Support Enforcement (OCSE) to oversee the state child support enforcement programs but left the basic responsibility for administering the programs to the states. The federal government agreed to reimburse 75 percent of the administrative costs of running the program (which has since declined to 66 percent). In turn, each state had to establish a child support enforcement program that assisted AFDC families and any other non-AFDC family who requested such services in establishing paternity and child support obligations, and enforcing those obligations.

Since then, virtually every Congress has passed federal laws to expand enforcement tools, alter the incentive formulas for states, and limit the ability of non-custodial parents to escape their obligations. Indeed, with new provisions becoming law in 1981, 1982, 1984, 1986, 1987, 1988, 1989, 1990, 1992, 1993, 1994, 1995, 1996, 1997, 1998, and 1999, the Congress has clearly found a popular area for legislation. The most important laws enacted are described below.

Establishing Paternity. Legal paternity is not an issue for children born to married parents, but it is for children born outside of marriage. As non-marital childbearing has risen so has the concern regarding paternity establishment. For CSE, it is a critical first step; without it, additional child support services cannot be pursued. The federal government's role in this area significantly increased in 1988, when it set numeric goals for states to meet with regard to paternity establishment and financial penalties for not meeting these goals. By that time, DNA testing could identify a father with near certainty and the federal government mandated that all parties in a contested paternity case submit to genetic

testing if requested by any party. It also gave greater financial responsibility to the federal government for genetic testing and established time limits for processing paternity cases.

It wasn't until 1993, however, that the federal government required states to establish voluntary procedures for acknowledging paternity in the hospital. Since then, every state has adopted an in-hospital paternity acknowledgement program and federal rules in this area have been strengthened and broadened. Today, if a father signs a paternity acknowledgment form in the hospital, he will be considered the legal father of the child unless it is rescinded within 60 days, except in limited circumstances of fraud, duress, or material mistake of fact. Genetic testing is not required to sign these forms; nor is it necessarily sufficient evidence to overturn the legal requirements of being a father once a paternity acknowledgement form is signed.

Establishing Child Support Awards. Setting child support awards has historically been the responsibility of the courts. Child support orders were typically set on a case-by-case basis, in accordance with broadly enunciated principles of family law. Over time, confidence waned in the ability of judges to use discretion wisely, as judges appeared to mandate widely different support obligations to families in similar circumstances.

States responded to this perceived unfairness of judicial discretion by developing numeric guidelines for judges to follow when establishing child support awards. State initiatives started as early as 1975, but most states did not establish child support guidelines until Congress mandated that they do so in 1984. At that time, Congress required the states to adopt numeric child support guidelines and to make them available to those responsible for setting child support awards. These guidelines were not binding; they were "advisory." It was not until 1988 that Congress required that state child support guidelines be binding on judges (unless a written finding was issued).

Today, federal law dictates that child support orders must be set in accordance with state child support guidelines, unless the judge writes a justification, or “finding” that explains why the application of the guidelines is inappropriate. In other words, the presumption is that judges will follow state child support guidelines. The principle rationale of judges for deviating from the guidelines is that such deviations will be in the best interests of the child.

States are expected to develop their own child support guidelines within broad parameters set by the federal government. All of the states have developed guidelines that ultimately make payments a function of the income of the non-custodial parent, at least on a marginal basis. Two models dominate state child support guidelines—percentage of income and income shares.

Currently, 13 states set payments equal to a percentage of before-tax or after-tax income of the non-custodial parent, with the percentage varying with the number of children (Rothe and Meyer 2000). According to the well-known Wisconsin standard, the percentages vary from 17% of gross income for one child to 25% for two, 29% for three and 34% for four or more. Minnesota requires fathers of four children with net income of over \$1,000 per month to pay 39% of net income.

Under the income shares approach used in almost all other states, the non-custodial parent pays some percentage of the combined income of the two parents. In 14 income share states, the percentage of income paid for child support decreases with the level of combined parental income; in 16 states, the percentage increases and then decreases. When the percentage of income allocated to children is a fixed percentage of income, the child support obligation rises proportionately with income. For example, assuming the two parents must provide 20% for the child, a \$100 rise in income of the non-custodial parent

raises his support order by \$20. However, as Bassi and Barnow (1993) show, when the percentage allocated to child support increases or decreases with joint income, some odd impacts occur. An increase in the custodial parent's income can raise support obligations of the non-custodial parent even if his income remains constant. In some cases where the percentage of income paid decreases with combined income, an increase in the non-custodial parent's income can lower his contribution.

Child support guidelines typically use current income to determine the amount of a child support order but a parent's current income may not reflect his or her earnings potential. In particular, a parent may be voluntarily underemployed or unemployed. In these cases, judges may impute income based on a parent's earnings potential. Determining whether a parent is "voluntarily" underemployed or unemployed is not straightforward. For example, some judges have ruled that imprisonment is "voluntary" and thus their child support order should reflect earnings potential; others have ruled that imprisonment is "involuntary" and thus their order should reflect current earnings (Morgan 1998). Staying home to take care of a child is another example in which what is deemed voluntary varies with the judge and the state. Some states and most judges do not impute an income to a parent if he/she had been staying home prior to the marital separation, but staying home to care for subsequent children is generally considered "voluntary."

In addition, current income is not typically used in determining default child support orders, which are issued whenever non-custodial parents do not appear at the time the order is set. In these situations, there is often no income information for the non-custodial parent. Non-custodial parents are informed of the hearing, typically through first class mail, but many still do not appear. States have established different procedures to respond to this situation and judges are usually given discretion in this matter. Furthermore,

some states do not base a default order on ability to pay; it is based on a minimum standard of care for a child (Sorensen 1999).

A third issue arises when parents share physical custody. As children spend increasing amounts of time under the care of the parent legally designated as non-custodial, the notion of custodial and non-custodial parents as fixed categories becomes less appropriate. In principle, child support formulas should alter the payment obligations to reflect the extent to which both parents are caring for and paying the expenses of children. However, making equitable adjustments is difficult to implement. Determining the actual time and expense each parent incurs and making appropriate adjustments would require frequent updating of support obligations. Some costs, such as the need for a room for the child, are fixed and largely independent of the amount of visitation by a non-custodial parent. Currently, few state formulas take account of the costs incurred by the non-custodial parent by lowering support obligations. Some formulas make adjustments, but only when the non-custodial parent has the child for more than 20% of the time.⁴ A major exception is California, where the non-custodial parent's obligations peak when no sharing of physical responsibility takes place and then obligations decline as the shared component of physical responsibility increases.

Collecting Child Support. The primary means by which CSE collects child support is wage withholding. The Congress first mandated this tool in 1984 and it has since been strengthened numerous times. At first, wage withholding was only mandatory for child support obligors who were at least one month behind in their child support orders. This approach gave way to "immediate wage withholding," which states began to implement in the late 1980s. Immediate wage withholding means that as soon as an order is established, child support is taken directly from wages (no delinquency is needed to initiate wage

withholding). Since 1994, the federal government has required that all new child support orders include an immediate wage assignment. The only exceptions are for cases of good cause (for example, a fear that withholding will lead to domestic violence) or cases in which the parties mutually agree to an alternate agreement.

Although state agencies now have authority and responsibility to establish immediate wage withholding on all new child support orders, their primary difficulty is maintaining contact with the non-custodial parents' employers over time. To deal with this administrative problem, Congress required in 1996 that all employers report every new hire within twenty days of hire to the CSE agency. The data from these reports are, in turn, matched against child support obligors. If a match is found, a wage withholding form is sent to the employer to begin immediate wage withholding. The new hire reports are sent to the federal government which, in turn, has built a new data file called the National Directory of New Hires that can be used for interstate child support collections efforts.

Distribution of Support Payments to the Government and Custodial Parents.

Once collected, child support payments go to the custodial parent unless the custodial parent is receiving or has received cash welfare benefits. In these cases, the distribution of child support is extremely complicated. Custodial parents on welfare are required to assign their rights to child support to the government. Thus, any current or past child support paid while the custodial parent is on welfare can be retained by the government. Half of this amount paid is typically distributed to the federal government, the other half is retained by the state government. On one hand, these sums simply reimburse the government for its costs of providing cash assistance to the custodial family. However, to the extent the government captures past as well as current child support, the custodial parent not only faces

a \$1 benefit reduction for each \$1 of current child support income, but also loses a portion of an asset (accumulated debts owed to the custodial parent from the non-custodial parent).

Prior to PROWRA, Congress mandated that states pass through and disregard the first \$50/month of child support paid on behalf of welfare families. Under PROWRA, Congress eliminated this mandate and replaced it with an option for states to pass through any amount of child support collected on behalf of the custodial parent to the family and disregard that amount in determining cash assistance, but they were still required to pay the federal government their half of any support collected. Despite this onerous payment requirement, many states, especially the larger ones, chose to continue their \$50 child support pass through and disregard policy, but most did not.

Once the custodial parent leaves welfare, any child support paid by the non-custodial parent goes to pay *current* support first, which is received entirely by the custodial parent. If past due support is also paid, then who receives those payments depends on the method of collection. If it is collected via wage withholding, which most arrears are, then the custodial parent receives it. On the other hand, if it is collected via intercept programs, then the government receives it.

Many child support advocates and administrators have argued for simplification of the distribution rules and the House of Representatives passed legislation in 2000 that would have simplified them, but this legislation died in the Senate. Similar legislation will probably be reintroduced because the distribution rules are so complicated.

Retroactive Support.

In divorce cases, child support orders typically start at the time of the divorce settlement, but courts may go back to the date of separation. Thus, most divorce cases do not start out with large arrearages. In non-marital cases, on the other hand, states can go

back as far as the child's birth if they wish, even though the order may have been requested much later. Thus, non-marital cases often start with large arrearages as the result of retroactive support, arrearages owed both to the government and to the custodial parent. Retroactive support amounts depend on what would have been owed on the non-custodial parent's actual or imputed income in prior years. Some states also include the birthing costs of a Medicaid birth as part of the retroactive support.

Economic Rationale for Government's Role in Child Support

The work of Weiss and Willis (1985) provided the first formal analysis of the inefficiencies that arise in divorce because of the collective good character of expenditures on children. Since both the custodial and non-custodial parents derive utility from their children, children are a couple-specific public or collective good. While the parents live together, proximity, altruism, and mutual trust serve to overcome the "free-rider" problem associated with the provision of public goods. However, once the parents live apart, these positive attributes tend to weaken. The non-custodial parent can no longer influence or monitor the allocation of resources between public and private goods; child support is paid to the custodial parent, who, in turn, decides how it will be allocated. This loss of control leads to a less efficient allocation of resources; in particular, the amount that non-custodial parents spend on supporting their children declines. Weiss and Willis (1993) estimate that expenditures on children when their parents are divorced are only half the amount provided during marriage. Graham and Beller (forthcoming) provide a simple model showing how non-cooperation among parents reduces children's consumption. Both parents gain utility from their own and from their child's consumption but, especially when apart, each parent would prefer to maximize the cost of the child's consumption borne by the other parent. Using reaction functions, they find that the Cournot-Nash and Stackelberg solutions of these

non-cooperative games yield lower expenditures on children than when the parents cooperate.

Government intervention to determine custody and visitation, specify support obligations, and collect payments are ways to raise spending by non-custodial parents closer to efficient levels. However, such policies do not resolve the underlying collective goods problem because custodial parents will still be able to allocate support payments in ways that are sub-optimal from the point of view of non-custodial parents. The added collections of child support from non-custodial parents may be partly offset by reduced spending on children by custodial parents. Non-custodial parents may begin to view their payments as an involuntary tax not going to support their children.

One direct and compelling incentive for non-custodial parents to pay support arises with the link between visitation and support payments. Ribero (1994) argues that negotiations between parents lead to a joint visitation-child support outcome in which non-custodial fathers trade income for visitations allowed by mothers. While estimates do not entirely confirm the theoretical model involving negotiations for child time and parental consumption, Ribero maintains that the level of child support paid by non-custodial fathers may not be “too low”, but rather the amount that yields an optimal visitation-payment outcome.

These models highlight a key difference between child support and other transfer programs. Unlike standard welfare programs, child support transfers link an individual donor with an individual recipient. Because the value of the transfer to the donor can depend on the behavior and circumstances of the recipient, child support directly alters the incentives of donors as well as recipients. In some ways, the interest in taking account of the incentive effects on donors is similar to the recognition that transfers require taxes that may

induce distortions and impose real social costs. (We are referring to the literature on the marginal efficiency costs of public funds.) However, in the case of child support, the clear expectation is that the utility of the donor depends directly and strongly on the income of the recipient (his child).

Another critical government role is to establish paternity and support awards. As Willis (1999) shows in a recent theoretical paper, relying on the unfettered incentives of men and women can lead to an equilibrium in which out-of-wedlock childbearing is widespread. According to the model, when women outnumber men or women's incomes are high relative to those of men, some share of low-income men will choose to father children outside marriage and some low-income women will voluntarily bear and raise children outside marriage. The result is lower resources for children than would be the case if all fathers married and an undermining of the family as the institution for supporting children. Willis points out that effective paternity establishment and collection of child support can reduce the attractiveness of non-marital fatherhood and lower the fraction of children born and raised outside marriage. Since high rates of non-marital births impose a variety of costs on taxpayers—from direct welfare support to compensatory payments aimed at helping children born and raised outside of marriage overcome educational and other problems associated with having fewer economic and social resources—lowering the non-marital birth rate is very much in their interests. Studies noted below find evidence to support the connection between government efforts to establish paternity and reduced out-of-wedlock childbearing.

Averting the direct and indirect costs to third parties that result from divorce provides another justification for government intervention in child support enforcement. However, the theoretical impact of strict enforcement is unclear. Higher support payments

raise the ability of custodial parents to raise children outside marriage while increasing the costs of divorce to non-custodial parents. Here is another instance in which child support policies interact with welfare programs. Child support should reduce divorce most among the lowest income families, since child support primarily substitutes for welfare payments and does little to increase the independence of custodial parents. In moderate income families, both the independence effect for potential custodial parents and the support costs facing potential non-custodial parents come into play. Several empirical studies noted below examine which effect appears to predominate.

Trends in Child Support Awards and Payments

Collecting formal child support requires several steps, as illustrated with the following equation showing the average payment per child living with a custodial parent as the product of four key quantities.

$$C = LF * (A/LF) * S * (P/S),$$

where C is the amount collected per child living with a custodial parent, LF is the percent of children with a legal non-custodial parent, A is the percent of children for whom a support award is present and due, S is the average size of the award, and P is the amount paid on the award.

Initially, soon after the federal government began playing an active role in child support, most of the emphasis was on the fourth component—collecting a high share of the amount owed. The movement to create child support guidelines was partly prompted by the recognition of the importance of the third component—the average size of awards. In recent years, administrators have started putting resources behind raising LF and A. Note that even were the government to insure a perfect collection record ($P/S=1$), collections could erode if LF declined over time.

The Census Bureau has compiled data on some of these components (with custodial mothers as the unit of analysis) since the late 1970s, using the April Current Population Survey-Child Support Supplement (CPS-CSS). Unfortunately, we cannot determine LF and thus the impact of a low paternity establishment rate on collections. However, Table 2 presents trends in the product of components one and two, which equals the share due an award.

Note that despite massive changes in federal and state laws regarding child support and billions of dollars spent on child support enforcement, trends in child support awards and real payments are disturbingly unchanged or have declined according to the CPS-CSS. Table 2 shows that the percent of custodial mothers who received child support has increased only slightly since 1978, increasing from 35 percent in 1978 to 36 percent in 1997. Furthermore, Table 2 shows a remarkable constancy since the late 1970s not only in the percentage of custodial mothers receiving child support, but also in the percentage of custodial mothers with an award, receiving support among those with an award, and the amount of child support received per custodial mother. Moreover, the ability of the CSE system to collect on the amounts actually due to custodial mothers improved after 1981, but and probably stagnated ever since. In 1978, the CPS reports indicate that 72 percent of the total amounts due were actually collected; this figure rose to 76 per cent in 1983, then remained near that level through 1991. The data in Table 2 show a decline to 68-69 percent in 1993 through 1997, but these figures are not exactly comparable to earlier years since they include in amounts due to custodial parents amounts owed on unpaid support from prior years.

These data also show, however, that poor custodial mothers are much more likely to receive child support in 1997 than they were in 1978. In 1997, 24 percent of poor custodial

mothers received child support; up from 18 percent in 1978. As Table 2 shows, most of this gain is due to increased award rates among poor custodial mothers, rather than increased collections on existing awards. In 1997, 53 percent of poor custodial mothers had a child support award, up from 38 percent in 1978.

Underlying these disparate results for custodial mothers and poor custodial mothers is a dramatic shift in the marital status composition of custodial mothers, away from divorced and separated mothers toward never-married mothers, which affected all custodial mothers more than it affected poor custodial mothers. Table 3 shows that never-married mothers increased from 20% to 32% of all custodial mothers between 1981 and 1997. Over the same period, the share of never-married mothers with awards more than tripled from 14% to 47% and the share receiving a payment also tripled from 7% to 22%. Still, even had the composition of custodial mothers remained at 1981 levels, the overall improvement in awards and collections would have been modest. The proportion with support awards would have increased from 59% to 62% and the proportion receiving a payment would have risen from 35% to 39%.

It is important to note that the success or failure in the collection of child support depends, in part, on the interest of the custodial parent in collecting support and on the income of the non-custodial parent. To better understand why so many custodial parents did not receive child support, the Census Bureau has asked custodial parents to indicate their reasons for not having a legal child support award. Many custodial parents gave multiple responses, but the most common responses in 1996 were “did not feel the need to have a legal agreement” and “other parent could not afford to pay” (Scoon-Rogers, 1999). In addition, nearly one in four (23 percent) of custodial mothers without awards stated they did not want to have contact with the other parent. Recent studies of non-marital births indicate

that about half of unmarried parents are living together at the time of the birth, vitiating the interest in and collection of child support (Garfinkel et. al., 1999).

The most recent detailed profile of families who do and do not receive child support comes from the analysis by Sorensen and Zibman (2000) of the 1997 National Survey of America's Families (NSAF). According to the 1997 NSAF, only about 52% of children with a non-resident father had a court-ordered child support award. This award percentage among children is 8 percentage points lower than the 60% figure observed in the 1997 CPS among mothers, presumably because the CPS figure includes all written agreements, not only those ratified by courts. However, the NSAF figure for the proportion with an award and a payment is 34%, nearly as high as the 36% figure for the CPS. Tabulations from the NSAF provide information on the receipt of financial support from non-custodial fathers who do not have a formal support order. Fully 36% of children lacking awards still receive some support from their father. Overall, Sorensen and Zibman estimate that 53% of non-custodial fathers provided assistance within the prior 12 months.

One striking finding from the Sorensen-Zibman study is the large variation across states in the receipt of child support. Among the 13 states with large samples, the proportion of children with a non-custodial parent, a child support order, and receiving the full amount due ranges from 14% and 15% in California and New York to 29% and 30% in Minnesota and Wisconsin.

Importance of Child Support For Low-Income Families

Several recent studies have examined the extent to which child support reduces welfare dependency and child poverty and whether it contributes to self-sufficiency and income equality (Meyer and Hu, 1999, Wheaton and Sorensen, 1998, Sorensen and Zibman, 2000). In general, these studies find that child support reduces welfare dependency and child

poverty but only slightly and it contributes to self-sufficiency and income equality but only slightly. One of the reasons that child support has such limited redistributive effects is because the government keeps essentially all of the child support paid on behalf of children who are on public assistance.

Most recently, Sorensen and Zibman (2000) estimate that child support payments lift nearly half a million children out of poverty, reducing poverty among children eligible to receive child support by five percent. They also estimate that child support reduces these children's poverty gap by 8 percent. They also find that child support payments reduce the Gini coefficient among custodial families, but only slightly, suggesting that child support contributes to income equality among those eligible for it.

Sorensen and Zibman also show that child support appears relatively unimportant to the average child, representing a mere two percent of family income, but that child support is an important source of income for children who receive it, especially among low-income children. Table 4 shows that only 39 percent of children eligible for child support received it in 1996, but the average amount received by these families was \$3,795, representing, on average, 16 percent of their family income. Among poor children eligible for child support, only 29 percent of their families received child support in 1996 and the average amount received was \$1,979, but it represented, on average, 26 percent of their family income.

The NSAF data also show that receipt of child support among poor children differs substantially by welfare status. Among poor children, child support went to only 22% of children on welfare in the prior year, but to 36% of children not on welfare. Of the poor children whose family had left welfare, 42% received child support, averaging \$2,562 per year or 30 percent of family income. In contrast, child support paid to children on welfare amounted to only \$816 per year for those receiving a payment. Child support can be an

important supplement to income, but rarely is the payment of support enough to make up for a lack of earnings or other income sources. Sorensen and Zibman show that among poor children not on AFDC, nearly half of the family income comes from earnings.

Compared to other benefit programs, child support plays a sizable role in moving poor single-mother families above the poverty line (Meyer and Hu, 1999). In 1995, about 6-7% of poor mother-only families became non-poor as a result of child support payments. This outflow was higher than those moved out of poverty by social insurance programs and was about the same as those removed from poverty through welfare programs. However, part of the reason is that those receiving child support had pre-transfer incomes closer to the poverty line than did welfare recipients. Welfare removed 28.5% of the poverty gap of the pre-transfer poor, while child support filled only about 6% of the gap.

Evidence that improvements in child support collections are responsible for some of the recent reductions in welfare caseloads comes from a recent work by Huang, Garfinkel and Waldfogel (1999). The two-stage least squares model used by the authors includes a first stage that predicts child support collections as a function of political variables and other factors and a second stage which predicts welfare caseloads (logged) as a function of predicted child support collections as well as welfare benefit levels, fixed state and year effects, and state demographic, political and economic variables. The findings indicate that effective child support enforcement reduces welfare caseloads both by reducing the proportion of single mothers receiving welfare as well as reducing the number of single mothers. Simulations indicate that child support improvements accounted for about one-quarter of the decline in welfare caseloads between 1994 and 1996.

Capacity of Non-Custodial Parents to Pay Child Support

Although Census household surveys have collected child support data from custodial mothers since the late 1970s, few surveys have collected similar information from non-custodial fathers. Household surveys have had problems identifying non-custodial fathers because of reporting and coverage problems. Research shows that male fertility is underreported in household surveys and that non-custodial fathers' fertility is particularly underreported (Cherlin et.al. 1993; Clarke et.al, 1998). Two groups outside of the sampling frame of household surveys that are particularly relevant to identifying non-custodial fathers are the institutionalized and those in the military (Sorensen 1997). In addition, household surveys undercount certain groups, especially young minority males in their late twenties and early thirties, a group which disproportionately consists of non-custodial fathers (Sorensen 1997).

Given the lack of household survey data on non-custodial fathers and the policy interest in their ability to pay, Garfinkel and Oellerich (1989) developed an indirect method of imputing non-custodial fathers' income using the characteristics of custodial mothers. Initially, this method used the relationship between married fathers' earnings and their wives to characterize the relationship between non-custodial fathers' earnings and the mothers of their children. More recent updates have used divorced couples' earnings and characteristics and the earnings of unwed men to predict the earnings of non-custodial fathers (Miller et al., 1997). Although these updates have reduced the distortion that occurs because of unobserved variables and/or self-selection, it is still expected that this approach will yield upwardly biased earnings estimates. Nonetheless, using this method, Miller et. al. estimated non-custodial fathers' average income by marital status, which, in 1990, ranged from \$13,621 for never-married fathers to \$28,226 for remarried fathers.

The focus of this research was to ascertain the potential amount of child support that non-custodial fathers could pay. Garfinkel and Oellerich found that non-custodial fathers paid \$7 billion in 1983, but they could have paid between \$24-\$30 billion that year (1989). These latter results were derived by applying the child support guidelines in Wisconsin, Colorado and Delaware to the imputed incomes of non-custodial fathers in 1983. In other words, if non-custodial fathers had paid child support according to these state child support guidelines, they would have paid three to four times what they actually paid that year. Of course, this does not mean that non-custodial fathers legally owed \$24-\$30 billion. Garfinkel and Oellerich note that they only legally owed \$10 billion that year.

More recently, Sorensen used the 1990 Survey of Income and Program Participation and the 1987 National Survey of Families and Households to identify non-custodial fathers and measure their ability to pay child support (Sorensen 1997). Since these surveys suffer from reporting and coverage problems, she develops a range of estimates regarding non-custodial fathers' ability to pay child support. Using the Wisconsin child support guidelines, she found that non-custodial fathers paid around \$17 billion in 1996, but they could have paid between \$37--\$51 billion that year.

It is also worth noting that Sorensen finds that a sizable minority of non-custodial fathers may be poor, reaching as much as 25 percent. Furthermore, she reports that as much as 35 percent of non-custodial fathers are not working at all or are working intermittently in 1990. These figures are considerably higher than those found among resident fathers, about 8 percent of whom were poor during the same time period and 15 percent of whom did not work year-round in 1990. Using a slightly different method of adjusting the 1987 NSFH for underreporting and coverage problems, Garfinkel et. al. (1998) report that 20 percent of non-custodial fathers earn less than \$6,000 year.

Further details of the lives of poor non-custodial fathers can be found in several recent ethnographic studies (Edin et.al., 1998, Johnson et.al., 1999, Waller and Plotnick, 1999, Pate and Johnson, 2000) and in descriptive information from a recent demonstration project called Parents' Fair Share (PFS), which provided employment-related services to unemployed non-custodial fathers who were behind in their child support payments and had children receiving welfare (Martinez and Miller, 2000). These studies find that poor non-custodial fathers face severe employment barriers, including limited education, limited work experience, criminal records, housing instability, and poor health. For example, the PFS demonstration found that nearly 70 percent of its participants had a criminal record and nearly a third had been arrested and charged with a crime during their participation in the program.

Other researchers have used the 1979 National Longitudinal Survey of Youth (NLSY79) to examine the characteristics of young non-custodial fathers. In an analysis of the earnings and employment patterns of young unwed fathers over time, Lerman (1993) found that the earnings of young unwed fathers were similar to the earnings of other young men around the time they fathered their children and that their earnings increased over time, but their earnings did not grow at the same rate as their peers. Pirog-Good and Good (1995) used the same data and found similar results.

Some studies have used data that includes information on *both* the custodial mother and the non-custodial father (Nichols-Casebolt, 1986, Sonenstein and Calhoun, 1990, Peters et. al., 1993, Bianci et. al., 1999). Nearly all of these studies examine divorcing couples at or around the time of the divorce and approximately one year later. They typically report that shortly after divorce, custodial mothers and children experience a sharp decline in their economic well-being, while non-custodial fathers do not. Duncan and Hoffman (1985)

examined the incomes of divorcing couples one year and five years after divorce. Their estimates show that, even after five years, women's incomes still lag behind that of their ex-husbands' but they return to approximately their pre-divorce levels.⁵ These latter increases, however, are often the result of a new spouse.

Trends in Costs and Effectiveness of the Child Support System

One indicator of cost-effectiveness of programs aimed at helping low income families is the resource cost of raising the incomes of low-income families by \$1. Making this judgment in the child support arena is more complicated than doing so with the typical transfer program. It requires examining the balance between administrative costs, economic distortions, positive incentive effects, and distributional shifts between low-income families. A review of CSE's performance should also take account of the investment component of CSE spending. Put another way, some of the administrative outlays go for computerization, for establishing paternity, and for helping establish support orders. Because these investments may yield a flow of direct benefits in the future in higher support payments, these outlays should be amortized over the life of the investment and not treated as current expenses. Finally, the entire CSE system may generate long-term indirect benefits by reducing the number of never-married, separated, and divorced parents.

In judging the role of the child support system, both the trend in overall payments reported to the Census and the trend in the amounts collected through the CSE program are relevant indicators. Figure 2 shows the trend in the percent of single mothers by marital status and welfare status receiving child support based on the March CPS. Note that while the overall percentage of single mothers reporting at least some child support has remained remarkably constant (at about 30%), the numbers receiving child support have increased sharply within groups of never-married mothers and the ever-married welfare recipients.

However, the rise in the share of never-married mothers—the group for whom child support is the exception, not the rule—is making collections harder to obtain.

A recent study has examined the impact of state enforcement policies on the receipt of child support payments (Sorensen and Halpern, 1999). This study strongly suggests that CSE programs raised support payments above what they would have been. Among the never-married mothers, who typically live in very low-income families, receipt of child support went from about 4% of families in 1976 to 17.5% in 1997. Sorensen and Halpern find about half of the gains are associated with the child support system. About one-third of the much smaller increases among previously married mothers resulted from CSE activities. Still, attaining these significant and large impacts apparently required substantial outlays for CSE programs.

Trends in the amounts collected through the CSE program appear in Table 5. Note that CSE collections have increased rapidly over the period but collections per case have remained constant. Thus, the growth in overall collections is a result of more cases flowing through the CSE program, not higher average real payments per case. Between 1978 and 1997, the proportion of total child support that was collected through CSE programs rose from 23 percent to 85 percent (Green Book, 2000, p.529).

At the same time, CSE administrative expenditures have been rising rapidly in real terms. In fact, total administrative outlays per custodial mother tripled in real terms between 1983 and 1997; as of 1997, they amounted to nearly 22% of total payments (see Table 6). Since much of the child support payments would have taken place without CSE, the administrative cost per additional payment is no doubt well above 20%. For example, if we attribute all of the \$4.4 billion growth in aggregate payments between 1978 and 1997 to CSE, the added CSE cost would amount to 57% of each additional \$1 of child support. But, it is

unlikely that in the absence of the CSE program, aggregate support payments would have remained constant in the face of the 50% growth in the number of custodial mothers. In an analysis of the effect of AFDC and non-AFDC administrative expenditures on collections for AFDC and non-AFDC cases over the 1979 to 1991 period, Nixon (1996) estimates that each dollar spent on AFDC cases yielded only an additional \$0.10 in child support but that a dollar spent on non-AFDC cases increased collections by \$3.30.

Not surprisingly, the impact of money spent on administration is highly sensitive to the activities undertaken with the added dollars. A demonstration project in four states tested whether reviewing and updating child support awards would yield added support payments (Bishop, 1992). Cases which were not modified for the last three years were reviewed and, where appropriate, modified in about 15 percent of AFDC cases reviewed and 6 per cent of non-AFDC cases. The total cost of the effort amounted to about \$1.5 million, while the added government savings from offsetting benefits against the higher support payments reached about \$4.6 million.

In examining the high and rising cost of the CSE program in relation to support payments, one must bear in mind that, as noted above, the mix of custodial mothers has shifted from married and divorced mothers toward never-married mothers, the latter of whom are more costly to serve than the former.

Finally, the collections data overlook the CSE program's most impressive achievement—the sharp rise in the establishment of paternity. As of the mid-1980s, births to unmarried women amounted to about 850,000 and only about 240,000 paternitys were being established that year, resulting in one paternity establishment for every three and a half non-marital births.⁶ Fortunately, the CSE system has made such enormous progress in paternity establishment so that as of 1997, there were slightly more paternitys established or

acknowledged (1.29 million) as births to unmarried women (1.28 million).⁷ Since paternities can be established for children born outside marriage in past years and since the accumulated stock of potential paternity cases is far higher than annual non-marital births, annual paternities can easily exceed annual non-marital births for several years to come.

Trends in State and Federal Financing of Administrative Costs

Together with providing enforcement tools and mandating policies, the federal government contributed substantially to the funding of state child support programs. The administrative matching incentive payments are complex, but states typically receive 66 percent of the normal administrative costs as well as 90 percent of the costs of laboratory blood testing. A second component of state funds comes from the recovered child support payments made on behalf of welfare recipients which are kept by the government to recoup its costs of providing welfare. The recovered payments are divided between the federal and state government based on the matching percentage used for Medicaid, which had been the AFDC matching rate before the block grant was introduced. Low-income states like Mississippi, which received an 80 percent federal match, must return 80% of collections to the federal government. High payment states split the collections on a 50-50 basis. A third source is federal incentive payments that provide states with additional funds that can add up to as much as 10 percent of collections. Congress recently changed the basis on which these funds are distributed (U.S. Department of Health and Human Services, 1997).

In Fiscal Year 1996, states received from the federal government a combined sum of about \$2 billion in direct administrative matching payments and \$400 million in incentive payments. Total administrative expenses, including the \$600 million net contribution by states, amounted to about \$3 billion. Since states claimed about \$1 billion of the collections, they ended up netting about \$400 million under CSE. In Table 7, we can see the trends in

the size of the administrative costs and of the amounts recovered and retained by the state and federal governments. Note that the real dollar gains of states from CSE have remained constant despite much more rapid increases in total administrative costs than in recovered contributions. Through 1984, combined (federal and state) recovered collections actually exceeded combined administrative costs. By 1996, the balance had shifted to the point at which combined administrative costs exceeded recovered collections by about \$1.1 billion. In that year, the federal government bore not only this \$1.1 billion net cost, but also another \$400 million in net state receipts.

These state surpluses, however, may be a thing of the past as incentive funding shifts and welfare caseloads decline (Turetsky 1998). By 1998, net federal costs had increased to \$1.8 billion while the dollar gain to states had declined \$275 million. Starting in the fall of 2000, incentive funding will be capped and thus states will be competing for a limited amount of money. In addition, the amount of income generated from cost recovery has stagnated as welfare caseloads have fallen. Just as revenue is stagnating, demand for child support services continues to increase and may well accelerate now that welfare is time-limited. This tension in the financial structure of the child support system is clearly evident on Capitol Hill as well as across the country.

Effects of Child Support Incentives on Behavior

The empirical evidence documents the role of the CSE system in raising child support payments. Given the fact that the CSE program is not a paper tiger and actually adds to collections, we might expect to observe behavioral effects on such outcomes as the labor supply of custodial parents and non-custodial parents, welfare use, non-marital childbearing, divorce and remarriage, and the involvement of non-custodial parents in raising their children. In general, theory does not yield firm predictions on how child support

enforcement affects each of these behaviors. Moreover, incentive effects on one behavior may be offset or reinforced by effects on another behavior. If, for example, stricter CSE enforcement were to encourage custodial mothers on welfare to go to work, the increased independence of single mothers may reduce their probability of marriage or remarriage. (Hu, 1999, p. 78).

Although the empirical strategies naturally vary with behavior at hand, several authors identify policy impacts by regressing variations across states and over time in CSE policies on a behavioral outcome. The first problem is obtaining accurate measures of the implementation of policies. For example, states whose guidelines require unusually high child support awards may find that judges define income less comprehensively than in other states. A second problem is the simultaneity of policies and behavioral outcomes. If, for example, high non-marital birth rates stimulate stronger paternity establishment efforts, then estimates may show paternity establishment effort increasing rather than reducing the rate of non-marital births. Untangling the short-run and long-run effects of policies poses another serious estimation problem. Policies that increase the state's effectiveness in establishing paternity may reduce non-marital childbearing, but only after expectations of potential mothers and fathers change.

Ideally, one would like to follow how CSE changes the constraints faced by each individual which, in turn, change child support payments or receipts as well as other behaviors. Since problems arise in identifying impacts of CSE from state and over time variation, the focus is sometimes on the effects of actual child support payments or receipts by individuals on their work, welfare status, marital status, and parental involvement. This strategy would be appropriate if actual payments or receipts were better indicators of the impact of CSE than estimates derived from cross section and time series estimates.

Unfortunately, it is not easy to isolate the effect of child support on an individual basis because unmeasured characteristics plausibly affect child support payments and other outcomes. A non-custodial father who cares for his children and trusts their mother is more likely to both work hard and make support payments than another father with the identical observable characteristics.

Several strategies have emerged to deal with these issues. One is to use a comparison group methodology. The idea is that variation and changes in state CSE policies should only affect groups potentially affected by such policies. For example, by examining how state policy variables affect the work effort of non-custodial fathers compared to the work effort of custodial fathers (or single non-fathers), Freeman and Waldfogel (1998) attempt to take account of any spurious relationship between state policies and the supply of labor. Nixon (1996) uses estimates of CSE variables on married women without children as a quasi-control group in an analysis of CSE's effects on divorce. This approach is worthwhile but fails to capture the potential simultaneity between the child support situation and state policies. If low work effort and low support payments by non-custodial fathers stimulated states to adopt tough collection policies, then CSE policies might appear to be reducing work effort even in the absence of such an impact. To deal with this problem, some researchers model the state policies as a function of factors exogenous to the child support situation in the state. Using a two-stage least squares procedure, Case (1998) estimates a first stage equation of paternity enforcement policies as a function of the gender composition of the state legislature, on the grounds that women legislators will have a deeper interest in effective child support enforcement. The second stage involves regressing state paternity policies on out-of-wedlock childbearing.

Still another approach is to use state policies as instrumental variables in equations estimating the effects of individual child support receipts or payments on behavior. This method bases estimates on the indirect effects of policy operating through individual payments or receipts. Such an approach is particularly useful when the child support effects operate through complex budget constraints.

Child Support and Work Effort by Custodial and Non-Custodial Parents

Economic theory predicts that child support income, like other non-employment income, should have a negative impact on the work effort of custodial parents. However, as the labor-leisure budget constraint in Figure 2 illustrates, the interaction between child support and welfare programs complicates the analysis. In the absence of any welfare benefits, the presence of child support income simply raises non-employment income and plausibly exerts a negative income effect on work. But when the custodial parent is eligible for welfare benefits that exceed child support, the receipt of child support has no effect on the amount of non-employment. As long as welfare payments are positive (net of child support), child support income should have no income or substitution effect. Child support can become a factor encouraging work effort over some ranges because it lowers the point at which custodial parents leave welfare and thus are no longer subject to the high marginal tax rates from welfare programs. A custodial parent choosing whether not to work or to work enough to move beyond point B will be more likely to work if child support is available. The presence of child support thus raises the net return to work for custodial parents, at least in a segment of earnings, and should reduce the size of welfare payments and the amount of welfare received.

In a recent paper, Hu (1999) finds that, as predicted, increases in child support payments reduce welfare participation, reduces work effort among non-welfare mothers, but

raises labor force participation among all divorced mothers. Added child support also slows the rate of remarriage. Hu develops an elaborate six equation model estimated with joint maximum likelihood techniques. The first three estimate how child support and other factors affect hours of work while on welfare, hours of work off welfare, and whether the custodial parent works while off welfare. A fourth equation determines whether the custodial mother chooses to participate on welfare. The fifth is a hazard function yielding potential impacts of child support on remarriage and the sixth is a child support equation that embodies the role of child support policies as well as other variables presumably exogenous to the mother's work and marriage behavior. Hu uses five years of data from the Panel Study of Income Dynamics (PSID) on women with children under 18 who divorced or separated and became heads of households between 1969 and 1987.

Hu's findings show that the additional work stimulated by child support comes about through its impact on reducing AFDC use. Both for those who remain on AFDC and those not on AFDC, child support lowers labor supply. The impact of additional child support varies depending on which mothers receive the money. One simulation would raise amounts paid to mothers already receiving support and assume modest payments to mothers not receiving any support. This change would raise child support income from \$2,516 to \$4,221, reduce welfare participation from 20 to 15 percent, increase the proportion working from 76 to 79 percent, and raise average hours worked from 1,311 to 1,403.

In an earlier analysis, Graham and Beller (1989) found that the total effect of child support payments on labor force participation of divorced mothers was negative, but exceedingly small. They estimated that a \$1,000 increase in child support reduced work by just 2 hours. Their estimated effect of child support on welfare participation was similar to that of Hu (1999).

Evidence from the New York Child Assistant Program (CAP) reinforces the idea that substituting child support or a child support-like payment for welfare can raise the earnings of single mothers (Hamilton, et al., 1996). The CAP payment went to mothers who had support orders but could not collect from non-custodial fathers. The payment declined only at a 10% rate on earnings up to the poverty line, but fell at a sharp 67% on earnings above the poverty line. Using a random assignment experimental design, the evaluators found that CAP raised earnings by 20% over five years, increasing both hours worked and the proportion working. The gain in the share working was about 3 percentage points, as the share who were working rose from 26% among controls to 29% among the treatment group.

In addition, it should be noted that work incentives for custodial parents are further complicated in states that use income shares guidelines. In general, the custodial parent faces no decrease in the marginal gain from working, but in states that have an income share model of determining child support awards that declines with income, additional earnings to the custodial parent will, by placing the income in a lower rate bracket, reduce the amount owed by the non-custodial parent. Consider an income share state in which the required contribution starts at 25% of joint income through \$40,000 and then drops by one percentage point per \$5,000 until joint income reaches \$80,000. Suppose further that the income of the non-custodial parents is constant at \$30,000/year. As the custodial parent raises her income from \$10,000/year to \$20,000, she loses \$600, for an implicit tax rate of 3%. Income share formulas in which the rate applied to joint income increases with income will work in the opposite direction.

For non-custodial parents, most guidelines embody rules that raise payment obligations as income increases. If the non-custodial parent does not benefit at all from

these additional payments (say, by gaining utility from the knowledge that one's child has more resources because of your contributions), then payments under a percentage of income or income shares guideline act like an income tax, with offsetting income and substitution effects on work.

However, while most awards are set as a nominal dollar amount that reflects the non-custodial parent's ability to pay child support at that time, only about one-quarter of the orders are ever modified to reflect changes in income or circumstances. Thus, changes in obligations do not materialize immediately after an income change and since they sometimes take a long time, a non-custodial parent may view his or her payment as a fixed sum, a sum that exerts an income but no substitution effect. But, as Freeman and Waldfolgel (1998) point out, if the non-custodial parent can avoid this levy by engaging in self-employment, casual work, or off-the-books work, or by "disappearing" to some other locale, there may be a huge substitution effect in work activity, away from wage and salary employment to less readily observable activities.

Freeman and Waldfolgel (1998) find that child support policies had little, if any, effect on non-custodial fathers' labor supply, which is consistent with the general finding in male labor supply studies that male labor supply is relatively unresponsive to variations in wages. As best as they could tell, non-custodial fathers in states with stronger CSE policies were slightly more likely to be working relative to custodial fathers and slightly less likely to be working "off the books." Their findings come from regressions where state CSE policies are determinants of work effort by non-custodial parents. By interacting the CSE policy variables with the probability that a man is a non-custodial father, the coefficients reflect the difference between CSE effects on non-custodial fathers and the potentially spurious effects of CSE on custodial fathers and/or men with no children. The data come

from the 1986 and 1991 Surveys of Income and Program Participation. Although CSE was not as rigorous in those years as it is today, especially among low-income non-custodial fathers, Freeman and Waldfogel do find large positive effects of wage-withholding on the payments of never-married fathers. Thus, at this point, there is no evidence that CSE reduces the amount worked by non-custodial parents.

Non-custodial parents with children on welfare have even less to gain from paying child support. With their payments simply offsetting government aid, non-custodial parents may well perceive no benefit from paying support. As noted above, in this case, the income-conditioned support obligations become akin to a tax on the parent's income. The cumulative reduction to the net wage can easily become substantial; a non-custodial parent with two children and earning \$18,000 per year will owe over \$5,000 per year (about 29% of income) in child support in the median state (Pirog, Klotz, and Byers, 1998). Add payroll taxes (7%), and the lowest income tax class (15%) and you have a marginal tax rate of 52%.

Even when mothers leave welfare, non-custodial fathers may still pay most of their support to the government for back welfare or Medicaid costs or for arrearages built up during the period in which his children received welfare. At the moment, there are no studies that provide an analysis of the marginal tax rates that non-custodial parents face with respect to child support alone nor with respect to cumulative rates that incorporate child support, taxes, and transfers.

Child Support Impacts on Non-Marital Births, Divorce, Remarriage, Father Involvement

Several studies have examined the impact of child support enforcement on nonmarital child bearing, divorce, and remarriage. In general, policies that require non-custodial parents to assume greater financial responsibility for raising their children

potentially increase the independence of custodial parents, but they also increase the cost of family formation and dissolution for non-custodial parents.

Recent research on the impact of child support on divorce suggests that child support enforcement discourages divorce, especially among mothers most likely to be eligible for welfare assistance. Nixon (1997) finds robust evidence that tighter child support enforcement lowers the rate of divorce. Apparently, the CSE-induced disincentive for fathers was enough to outweigh the CSE impact on independence. Using marital history information from the 1988 and 1990 March/April Current Population Surveys, Nixon estimates the probability of divorce within a five year period, given that a marriage had taken place by the survey year. The key independent variables are five state child support enforcement variables representing the policy climate and state effectiveness in collections. As noted above, Nixon takes account of spurious relationships between policies and outcomes by using married mothers with no children as a quasi-control group. The CSE variables exert no effect on these women, making the negative CSE impacts on divorce among mothers more convincing. The effects are larger among low income mothers, perhaps because the existence of welfare programs means that CSE provides little additional independence but does create disincentives for fathers.

With regard to remarriage, it appears that increased child support enforcement has resulted in lower remarriage rates among custodial and non-custodial parents. Increased child support leads to greater independence for custodial parents, which, in turn, results in lower remarriage rates for them (Beller and Graham, 1993; Yun, 1992; and Hu, 1999). On the other hand, Bloom et al (1998) finds that increased child support enforcement leads to increased costs to non-custodial parents, which, in turn, reduces their likelihood of remarriage. This analysis compares the impact of CSE variables on the rate of remarriage

among divorced men with children as compared to divorced men without children. Using SIPP and the NLSY79, the authors estimate that an increase in the collection rate from the 30th to the 10th ranked state reduces the yearly hazard of remarriage by 28-31 percent. Extending the time to remarriage does not, however, appear to improve the quality of marital matches. Bloom et al. also investigate the potential impacts of CSE on the entry into first marriage among men who fathered non-marital children and on the probability of a second non-marital birth. The results suggest little or no impact of CSE on these behaviors.

Several recent studies have examined the relationship between child support enforcement and non-marital childbearing. As mentioned earlier, the expected effect of increased child support on non-marital childbearing is ambiguous—stronger child support enforcement increases the cost of non-marital fatherhood, but it also increases the independence of non-marital motherhood. In general, results from these studies suggest that increased child support enforcement reduces non-marital childbearing. Case (1998) provides a two-stage model in which state paternity enforcement policies are determinants of non-marital births but are endogenous and are identified using the number of women in the state legislatures and other exogenous state characteristics. The estimates cover variations across states and over time from 1978 through 1991. The two-stage approach turns out to make a major difference in outcomes. The simply OLS regressions of state policies on non-marital childbearing yield no negative impacts, but in the two-stage model, CSE policies consistently exert significant, negative impacts.

An analysis by Plotnick et. al. (1999) attempts to determine whether strict CSE enforcement influenced the likelihood that women had a premarital birth as a teenager. The authors follow the fertility and marital history through age 20 of a sample of 2,153 women, ages 14-16 in 1979, drawn from the NLSY. Controlling for an array of individual and area

characteristics, the regressions relate state rates of paternity establishment, state collections per case, and state collections per administrative dollar to the probability of teen premarital childbearing. Although paternity establishment rates do exert a negative impact, the main specification shows only statistically significant effects on white women, none for black young women. Still, the authors project that raising state performance on paternity establishment from existing levels to the rates achieved by the most successful states would lower the proportion who have premarital births by more than 50 percent, from 11.5 to 5.5 percent.

The connection between child support payments and visitation by non-custodial parents is often a contentious issue. Some father's rights groups claim that while public agencies go to great lengths to enforce the payment obligations of non-custodial parents, the government shows little interest in making sure that the visitation rights of non-custodial parents are upheld (Pearson and Thoennes, 1998). One worry is that strict CSE policies, by driving fathers to work longer hours or to leave the state to avoid making payments, could weaken contact between non-custodial parents and their children. On the other hand, as effective policies push non-custodial parents to make payments, they may see themselves as having more of a stake in their child's life and more of an earned right to participate in raising the child. Selzer, McLanahan, and Hanson (1998) examine the effect of child support on the involvement of fathers and on the conflict between parents using data from the 1987-88 and the 1992-94 National Surveys of Families and Households (NSFH). The authors use a sample of 1,300 families with a child eligible for child support as of 1987 and a small longitudinal sample of children whose parents were married in wave 1 and separated or divorced between waves 1 and 2. The raw data show that child support payments are positively associated with both visitations and with conflict between parents. To test for

CSE effects, the authors regress state CSE variables on visitation and conflict and also use state CSE variables as instruments in regressions of child support payments on outcomes. Some CSE practices raised the extent of visitation by fathers, though the effects were not statistically significant in the instrumental variable analyses. At the same time, higher child support payments, including payments induced by tighter enforcement, heightened parental conflict in the analyses using instrumental variables.

The fact that welfare programs cause support payments to go to the government instead of one's child could well add to the disincentive associated with family splitting. Non-custodial parents would realize that not only must they pay support but that they may not even get credit for their payments to their own children. Of course, given the disincentives of both parents to channel money through the formal system and report payments to welfare programs, non-custodial parents could make payments informally and custodial parents could avoid reporting them (Edin and Lein, 1997). In this case, the support would end up raising the child's family income (Bassi and Lerman, 1996). However, non-custodial parents would have to bear the penalty of limiting their job choices to the informal sector indefinitely or face the prospect of having to make back payments; custodial parents would have to commit welfare fraud by not cooperating with CSE agencies.

Equity Issues in Child Support

Certainly, several equity issues are involved in the setting of child support awards. Betson, et. al. (1992) examine the trade-off between equity and incentives embedded in alternative methods of setting awards. They find that, when the incomes of non-custodial parents are substantially higher than the incomes of custodial parents, the standard approaches used in state guidelines cause the custodial parent and children to suffer large declines in living standards relative to the pre-divorce incomes while non-custodial parents

living alone typically gain. However, moving to formulas that do more to equalize living standards raise marginal tax rates on non-custodial parents substantially.

Custody and visitation issues complicate considerations of the equity of child support. A parent may willingly trade the loss of income in order to retain custody of his or her child. In this context, making the parent who is not granted custody pay child support punishes the loser and thus may weaken the equity case for large support payments, especially since payments to the custodial parent cannot be monitored to assure that they mainly benefit the child. Another complication arises when parents who provide partial custody do not receive credit for their in-kind contributions.

A frequent complaint of non-custodial parents is the state's lack of interest in enforcing their visitation rights with the same vigor as their efforts to collect child support. The Congress recently acknowledged the problem when it enacted in 1996 a small grant program under PRWORA to facilitate access and visitation by non-custodial parents, through such mechanisms as mediation, counseling, education, parenting plans, and monitoring and supervision of visits. Although most states received only about \$50,000-200,000 under the program in 1997, they established 131 programs and served about 20,000 people (U.S. Department of Health and Human Services, 1999).

Finally, there are the inequities in the establishment of payment obligations for low-income fathers (Sorensen and Lerman, 1998). To an unknown extent, judges set support obligations on the basis of expectations of a custodial parent's income, even when such income is out of reach. In addition, some states charge fathers for the cost of the delivery of the child and for welfare payments, even when these charges are much higher than the non-custodial parent would owe if the guidelines were followed. Low-income fathers often lack the knowledge of how to have their payments adjusted during periods of unemployment and

incarceration. Once the orders are established, the federal Bradley amendment of 1986 prohibits judges from forgiving past-due support, called arrearages. Moreover, arrearages cannot be discharged in a bankruptcy proceeding, even when the amounts owed would go to the state. Fathers often claim they are making in-kind contributions to their children that are not taken into account when they face legal proceedings. According to Waller and Plotnick (1999), the in-kind contributions are accepted by the community and the custodial parent, but are ignored by the CSE system. In some cases, fathers even must pay back child support for periods in which they were living with and supporting their children. Some low-income fathers claim that the mandatory nature of the obligations deprive them of the ability to demonstrate they are paying out of love and not as a matter of law.

The inflexibility of the CSE system in dealing with low-income fathers may contribute to driving many such fathers into the underground economy. Though one quantitative analysis finds little evidence of a child-support induced decline in legitimate earnings of non-resident fathers (Freeman and Waldfogel, 1998), the data were far from ideal and effects on underground earnings are consistently reported in the qualitative literature (Johnson et. al., 1999; Waller and Plotnick, 1999).

The differences between tax and transfer policies in the treatment of child support also weaken the non-custodial parent's incentive to make payments. The tax system does not permit the non-custodial parent to deduct child support, but does exclude child support from the mother's income (Wheaton and Sorensen, 1998). In contrast, child support is typically counted as income to the recipient in determining transfer benefits, but at least in the case of food stamps, non-custodial parents can deduct support payments from countable income. The problem arises when the custodial parent receives welfare benefits while the non-custodial parent does not and is subject to income taxes. In this case, the payer (non-

custodial parent) cannot take the payments as deductions, yet the receiver must count the payments as income.

One can look at child support's treatment in the transfer system from two perspectives. Some policymakers have argued for exempting all or part of child support from income counted in transfer programs. Such a policy would face the problem of horizontal equity because families with similar incomes but different income sources (say, one with earnings and one with child support income) would be treated differently. On the other hand, since the individual earning the income to pay child support would already have been taxed on the receipt of that income, counting payments in the income of recipients would amount to a kind of double taxation.

Critical Reform Options

In one sense, child support should have a bright future. The CSE programs have all the tools they need to establish paternity, establish appropriate support awards, and collect payments. The declining welfare caseloads are reducing the number of families exposed to perverse incentives under which non-custodial parents see their hard-earned payments going not to their children but to reimbursing the government and neither parent has a stake in having support payments flow through official channels. For many parents, these trends do augur well for the future. But for the many low-income fathers with large arrearages, too many of the familiar disincentives remain in place. Some may face past obligations that loom so large as to discourage all but the most motivated.

Although no reports are available to document the size distribution of arrearages, there is enough qualitative evidence to have stimulated calls for reforms. Under one option, the government would suspend and forgive some or all the debts in return for full compliance with present and future obligations. Recently, Representative Nancy Johnson,

former chair of House subcommittee dealing with child support, voiced support for rethinking the strict policy against renegotiating child support obligations, at least those obligations owed to the state and federal governments. As a first step, it is important to learn the facts about arrearages; who owes them, how much do they owe, and how much is due the custodial parent and the government.

Child Support Assurance (CSA), a widely discussed reform proposed by Irwin Garfinkel and others, would require that non-custodial parents make payments according to specified guidelines (Garfinkel et. al., 1992, Roberts, 1994).⁷ In cases where the non-custodial parent was unable to pay or the government was unable to collect the payments, the government would provide an assured payment not conditioned on the income of the custodial parent. If the non-resident parent paid some amount less than the assured benefit, the program would pay the difference. Given the very low incomes of many non-custodial parents, many custodial parents are bound to receive minimal or highly varying support payments. Such instability weakens the ability of single parents to package enough income through earnings and other sources outside welfare to make ends meet. The CSA could smooth the payments custodial parents are due from the contribution of the other parent. Counting CSA benefits as income would lower the welfare breakeven point and thus raise the likelihood that families earn their way off income-tested public assistance. From Garfinkel's (1994) perspective, CSA would extend the social insurance concept now embodied in Survivors Insurance to children who suffer income losses due to the absence of a parent.

Although an assured benefit is appealing, the program would extend to other groups the disincentive problem in welfare under which support payments do very little to raise the living standard of the children. As in the welfare case, the presence of assured benefits

would reduce the incentives for many non-custodial parents to make payments and for many custodial parents to pursue delinquent parents.

The costs and impacts of a CSA program would vary substantially with the level of the assured benefit and the group of custodial parents covered. According to Sorensen and Clark (1994), a payment of \$1,500 per year per child in 1989 limited to families with a support award would have cost about \$1.6 billion and reduced child poverty by 0.6 percent. Extending the CSA to all custodial families would have quadrupled the cost to \$7 billion and would have lifted 3 percent of poor children out of poverty. Meyer et al. (1994) make estimates for 1985 of alternative CSA plans that take account of labor supply responses by custodial parents. They find the costs, antipoverty effects, and labor supply effects are modest for low payment plans limited to families with awards. Only if the CSA stimulated improvements in award levels and in the proportion receiving an award would the CSA approach substantially increase the labor supply of TANF recipients and reduce the poverty gap.

One experimental program similar to a CSA, New York's Child Assistance Program (CAP), was available in seven counties to custodial parents eligible to receive AFDC in the late 1980s and early 1990s. The assured benefit under CAP was set below the AFDC guarantee, but above the average level of actual child support payments. However, because payments under CAP declined only by 10% for income up to the poverty line and by 67% on income above the poverty line, CAP dominated AFDC for mothers with earnings of \$350 or more per month. At the same time, CAP was income-tested and limited to welfare-eligible families, unlike proposals for CSA. Another difference was CAP's provision of case management and employment services outside of AFDC. To determine the impacts of CAP, researchers studied the child support, employment, and welfare use of families

randomly assigned to the CAP treatment and to a control group (Burstein and Werner, 1994). They found that CAP generated a significant increase in child support awards (rising from 7.6 to 12 percent of participants) but not actual support payments; and significant increases in employment and earnings, but only modest gains in family income. Still, the changes in work incentives induced enough increased earnings to raise family incomes and save government resources at the same time. Family income rose by a modest \$850 over five years while saving government spending by \$2,366 over the same period (Hamilton et al., 1996).

Conclusions

Child support enforcement has become an increasingly important function of our income support system for low-income families. Although the real costs of the CSE program are substantial—federal and state governments spend over \$3 billion in administrative costs—so are the benefits. Already, nearly 30 percent of poor unmarried mothers receive a child support payment. As fewer low-income single parents remain on welfare, the incentives for custodial parents to receive support and for non-custodial parents to pay will rise substantially. While not enough to provide basic support for families, child support can play a critical role in supplementing the incomes of low-income single parents and their children. Child support payments can be part of an income packaging strategy that includes earnings, the Earned Income Tax Credit, food stamps, child care subsidies, and medicaid or subsidized health insurance. Until recently, low rates of paternity establishment (below 30 percent of non-marital births) limited collections on behalf of the poorest group of single mothers, never-married mothers. But in the last few years, the CSE system has made great strides in raising rates of paternity establishment. The increase in paternity

establishment is not only critical for expanding child support payments to the lowest income families, but may even be discouraging non-marital births.

Still, child support enforcement has a long way to go. One major problem is how to deal with arrearages facing low-income fathers subject to child support obligations. Without changes in policy, many low-income fathers will see their support payments going to the state for arrearages instead of helping raise living standards of their children. Parents will find themselves with the same disincentives experienced under the welfare system. In addition, the CSE system must find fairer ways to take account of the low income levels and high income instability of many non-custodial parents. Finally, given the greater acceptance of an expanded CSE, Congress should consider expanding the federal government's role in resolving the critical equity issues of visitation and access.

End Notes

¹ For an interesting discussion of the early antecedents of modern child support, see Hanson (1999).

² Since custodial parents are nearly always mothers and non-custodial parents are nearly always fathers, we will sometimes use gender-specific language.

³ See Brito (2000) for a discussion of the interaction between family law and welfare law as governing child support cases.

⁴ Apparently, the perception arose that widely-used guidelines incorporate the costs of shared custody up to a threshold of 20% and thus require no downward adjustment for non-custodial parents providing 20% of the child's care and possibly an upward adjustment for non-custodial parents providing no care at all. But according to Robert G. Williams (1996), the primary author of the guidelines used in many states, guidelines in Ohio (and presumably similar states) do not presume a 20% sharing arrangement and make no adjustment for costs incurred in visitation or shared custody. Also see Henry (1999).

⁵ Duncan and Hoffman (1985) examine divorcing couples regardless of the presence of children, and thus these findings may not hold for divorcing couples with children.

⁶ Our estimate of births to unmarried mothers is from Vital Statistics, which collects its data from the states. A few states identify nonmarital births by comparing the mother's last name to that of the father's last name. If they are different or there is no last name for the father, the state assumes that the mother is unmarried, which overstates the number of unwed births.

⁷ There may be double counting of paternities established because both hospitals and child support offices count paternities and child support offices do not necessarily eliminate the overlap between these two sources before submitting their reports to the state child support agency.

⁸ The National Commission on Children (1991) recommended adopting a child support assurance program. Federal legislation has been introduced several times to implement some form of child support assurance, but these efforts have never been enacted. Several states, such as California, are currently experimenting with the concept. Several European countries implement the CSA concept under Advanced Maintenance programs.

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Table 1. Major Changes in Federal Laws Affecting Child Support Enforcement

1950	The first federal child support enforcement legislation was Section 402(a)(11) of the Social Security Act, which required state welfare agencies to notify law enforcement officials upon providing Aid to Families with Dependent Children (AFDC) to a child who was abandoned or deserted by a parent.
1975	PL 93-647, The Social Security Amendments of 1974, created Part D to Title IV of the Social Security Act, providing federal matching funds to states for child support enforcement for AFDC cases and creating a separate unit (the Office of Child Support Enforcement) within the federal Department of Health, Education, and Welfare (now Health and Human Services) to establish standards for states, provide them with technical assistance, evaluate and review state plans and program operations, and certify cases for referral to the federal courts and the IRS for enforcement and collection. Each recipient of AFDC was required to assign support rights to the state and cooperate in establishing paternity and securing support. A disregard policy was established, and an audit division was created with the program.
1980-82	These years saw federal laws extending and strengthening the information-gathering and enforcement powers of state child support agencies under Title IV-D. In 1980, PL 96-272 amended Title IV-D to provide incentive payments to the states for non-AFDC case enforcement. In 1981, PL 97-35 added provisions to IV-D programs authorizing the IRS to withhold all or part of federal income tax refunds from non-paying parents. It also required states to withhold a portion of unemployment benefits from absent parents delinquent on their support payments. In 1982, three new public laws reduced federal financial participation in child support enforcement, but also allowed for members of the armed forces to have their wages garnished for non-payment of child support and provided for disclosure of information obtained under the Food Stamp Act of 1977.
1984	The Child Support Enforcement Amendments (PL 98-378) mandated that the states establish improved enforcement mechanisms, including expedited procedures for establishing orders and collecting support. They required that states provide equal services for welfare and non-welfare families, revised federal auditing procedures and incentive payments, and required states to implement mandatory wage withholding for delinquent cases. New funding was made available for developing automated systems, including those for interstate enforcement.
1988	The Family Support Act (PL 100-485) contained several provisions to strengthen enforcement on AFDC cases. The act required judges and other officials to use state guidelines for child support awards, and mandated three year reviews for AFDC cases. It set standards for state establishment of paternity, and allowed for federal reimbursement for the costs of paternity testing. It required immediate wage withholding for all new or modified orders being enforced by states, beginning in November 1990. All states were required to develop and put in place statewide automated tracking and monitoring systems by October 1995, or face federal penalties.
1989-90 1992-4	Each year saw expanded state mandates or penalties on individuals for noncompliance. For example, PL 102-521 (1992) imposed criminal penalties for willful failure to pay past due child support obligations. PL 103-66 (1993) increased the percentage of children for whom a state must establish paternity and required states to adopt laws mandating civil procedures for the voluntary acknowledgement of paternity.
1996	The Personal Responsibility and Work Opportunity Reconciliation Act (PL 104-193) required that states operate a child support program that met federal mandates in order to be eligible for block grants under Temporary Assistance for Needy Families (TANF). States were required to expand their efforts in income withholding, paternity establishment, enforcement of orders, and the use of central registries. The act provided for uniform rules, procedures, and forms for interstate cases. It established a Federal Case Registry and National Directory of New Hires to track delinquent parents across state lines. The act altered the federal and state shares of the \$50 disregard to families receiving public assistance on whose behalf child support payments were made and eliminated the mandate on the states to provide for a disregard.
1997	Legislative activity in the area of child support included a bill giving states the option to pass through directly to a family receiving assistance under TANF all child support collected by the state and to disregard any child support that the family receives in determining its eligibility for TANF assistance. Legislation is also pending to lessen or remove penalties imposed on states that have failed to meet federal deadlines for an operational automated child support system (California is among them).
1998	The Deadbeat Parents Punishment Act (PL 105-187) toughened the 1992 law creating federal criminal penalties for willful failure to pay past-due child support by creating two new categories of federal felonies with penalties of up to two years in prison.
Sources: US Department of Health and Human Services, <i>22nd Annual Report to Congress</i> , 1997, "Child Support Enforcement Policy and Low-Income Families." <i>Focus</i> , Spring 2000 21(1): 3.	

Table 2: Trends in Child Support Awards and Payments: 1978-1997

	All Custodial Mothers				Poor Custodial Mothers		
	% received child support	% with an award	% received among those due	Payments received per mother (1997 \$)	% received child support	% with an award	% received among those due
1978	34.6%	59.1%	71.6%	\$1,532	17.8%	38.1%	58.8%
1981	34.6	59.2	71.7	1,286	19.3	39.6	61.4
1983	34.9	57.7	76.0	1,317	19.6	42.4	62.0
1985	36.8	61.2	74.0	1,216	21.3	40.4	65.7
1987	38.5	58.0	76.1	1,469	27.3	43.4	72.0
1989	37.4	57.7	75.2	1,449	25.4	42.3	68.3
1991	37.6	55.8	76.3	1,334	24.1	38.9	70.4
1993	36.4	59.7	70.9	1,305	27.5	51.9	64.9
1995	37.4	61.2	69.8	1,484	26.5	51.1	61.9
1997	36.4	59.5	68.5	1,331	24.8	53.0	55.0

Note: Data for 1993, 1995, and 1997 are not directly comparable to earlier years because of major changes in the April Current Population Survey-Child Support Supplement. In particular, the percentage of amounts due to custodial parents that were actually received may appear lower in the 1993-1997 data than in earlier periods because the recent data include amounts of “back payments due” whereas the pre-1993 data included only current amounts due in the denominator. Note also that in the CPS-CSS, “child support awards” and “child support due” are not the same. “Child support awards” measures the existence of an award at the time of the survey (April); “child support due” indicates whether child support income was expected last calendar year. Thus, multiplying the second and third column do not necessarily equal the first column as our simple formula in the text might suggest.

Source: Committee on Ways and Means, *The 2000 Green Book* and the U.S. Census at, <http://www.census.gov/hhes/www/chldsupt.html>, various tables. Dollar figures are adjusted to reflect 1995 dollars using the CPI-U as the inflation adjustment.

Table 3: Changes in Awards and Payments by Marital Status of Custodial Mothers: 1981 and 1997

	% Distribution of Custodial Mothers		% of Custodial Mothers with Support Awards		% of Custodial Mothers Receiving a Payment	
	1981	1997	1981	1997	1981	1997
Married	26.2	21.9	77.8	65.3	39.3	45.0
Divorced	34.1	30.9	80.5	70.4	52.5	47.3
Separated	18.5	13.1	42.8	56.2	26.7	32.4
Widowed	0.8	1.9	68.8	54.3	14.1	27.0
Never-Married	20.4	32.2	14.3	46.7	6.6	22.3
Total	100.0	100.0	59.2	59.5	34.6	36.4
1997 Levels, Using 1981 Marital Status Distribution				61.4	38.7	

Note: See Table 2.

Source: US Census publications and tabulations by authors.

**Table 4: Child Support Characteristics of Children with a Non-custodial Parent
by their Poverty Status: 1996**

Poverty Status	% of Children with a Non-custodial Parent Whose Family Received Child Support	<u>Among Families Receiving Child Support</u>	
		Average Amount Received	As % of Family Income
Less than 100%	29%	\$1,979	26%
100-199%	40%	\$3,265	15%
200-299%	45%	\$4,373	12%
300% or More	50%	\$5,764	9%
All	39%	\$3,795	16%

Source: 1997 National Survey of America's Families

Table 5: Aggregate Child Support Collections Through the CSE Program And Child Support Amounts per Case: 1978-1997

Year	Aggregate Collections (in 000s, 1996 \$)	CSE Cases with Payment by Type (in 000s)			Child Support Per case (1996 \$)
		On AFDC	Not on AFDC	Total Cases	
1978	\$2,555	458	249	707	\$3,614
1980	\$2,882	503	243	746	\$3,863
1982	\$2,885	597	448	1,045	\$2,761
1984	\$3,591	647	547	1,194	\$3,008
1986	\$4,609	582	786	1,368	\$3,369
1988	\$6,125	621	1,083	1,704	\$3,594
1990	\$7,272	701	1,363	2,064	\$3,523
1991	\$7,919	755	1,555	2,310	\$3,428
1992	\$8,921	836	1,749	2,585	\$3,451
1993	\$9,620	879	1,958	2,837	\$3,391
1994	\$10,441	926	2,169	3,095	\$3,374
1995	\$11,152	976	2,409	3,385	\$3,295
1996	\$12,019	940	2,564	3,504	\$3,430
1997	\$13,364	865	2,850	3,715	\$3,517
1998	\$13,811	789	3,070	3,859	\$3,579

Source: Office of Child Support Enforcement.

**Table 6: Performance Indicators of CSE Program Based on
CPS and CSE Data: 1978-1995**

	Aggregate receipts (CPS) (billions of \$95)	Custodial Mothers (CPS) (in millions)	Total CSE Costs (millions of \$95) (CSE data)	CSE costs per custodial mother (CSE data)	CSE costs as % of payments (CSE data)
1978	\$10.6	7.1	\$729	\$103	6.9
1981	\$10.3	8.4	\$882	\$105	8.6
1983	\$10.8	8.7	\$1,057	\$122	9.8
1985	\$10.2	8.8	\$1,153	\$131	11.3
1987	\$13.4	9.4	\$1,430	\$152	10.7
1989	\$13.7	10.0	\$1,675	\$168	12.2
1991	\$13.2	9.9	\$2,019	\$204	15.3
1993	\$13.8	11.5	\$2,364	\$206	17.1
1995	\$16.4	11.6	\$3,012	\$260	18.4
1997	\$15.0	11.9	\$3,255	\$274	21.7

Source: U.S. Census Bureau, *Child Support and Alimony*, various years; U.S. Department of Health and Human Services, *Child Support Enforcement: Annual Report to Congress*, various years.

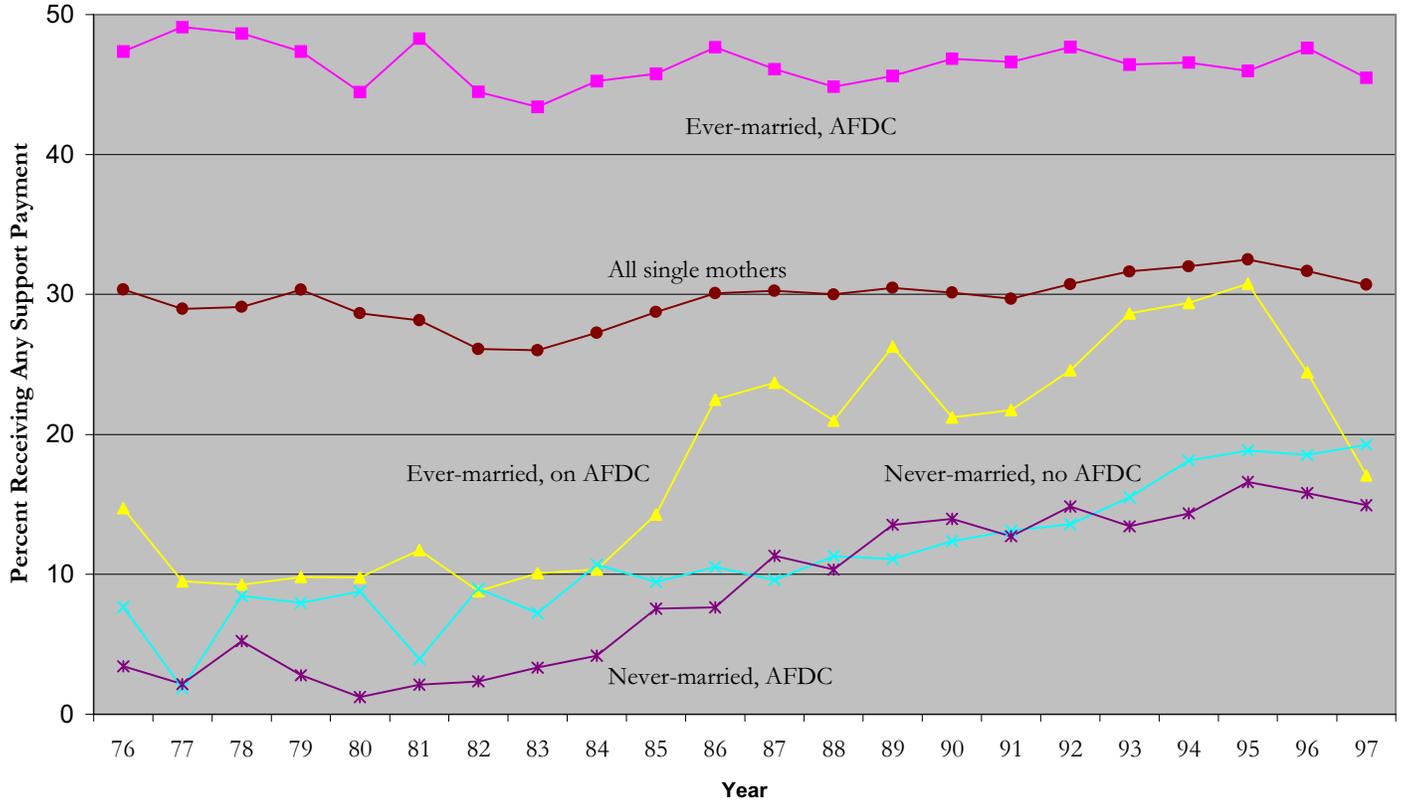
Table 7: Federal and State Spending on Administrative Costs and Federal and State Collections Recovered: 1978-1996

	Net Federal Administrative Outlays*	Federal Share of Collected Child Support	Net Federal Government Cost	Net State Administrative Outlays*	State Share of Collected Child Support	Net State Government Cost
(all numbers are in millions of 1996 Dollars)						
1978	\$708	\$759	-\$51	\$54	\$361	-\$307
1980	\$821	\$480	\$341	\$88	\$534	-\$447
1982	\$923	\$507	\$416	\$75	\$577	-\$502
1984	\$968	\$607	\$361	\$124	\$677	-\$553
1986	\$1,123	\$524	\$599	\$213	\$602	-\$389
1988	\$1,365	\$597	\$767	\$192	\$698	-\$507
1990	\$1,603	\$645	\$958	\$340	\$750	-\$410
1991	\$1,714	\$720	\$994	\$362	\$805	-\$443
1992	\$1,839	\$827	\$1,013	\$395	\$881	-\$486
1993	\$2,005	\$839	\$1,165	\$416	\$915	-\$499
1994	\$2,277	\$808	\$1,469	\$434	\$944	-\$511
1995	\$2,570	\$846	\$1,724	\$533	\$967	-\$435
1996	\$2,449	\$888	\$1,561	\$606	\$1,013	-\$407
1997	\$2,675	\$1,023	\$1,652	\$676	\$1,132	\$457
1998	\$2,677	\$924	\$1,753	\$773	\$1,048	\$275

* The net federal outlays include incentive payments to state governments; the net state outlays equal state administrative expenditures less federal incentive payments.

Source: Committee on Ways and Means. The Green Book: 2000.

**Figure 1: Percent of Single Mothers Receiving Child Support,
by Marital and AFDC Status: 1976-1997**



Source: *March Current Population Surveys*, various years.

Figure 2: Interaction Between Child Support and Welfare

