

Child Support Plays an Increasingly Important Role for Poor Custodial Families

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December 2010

Key Findings

- The Child Support Program serves nearly one in four children in the United States.
- Without child support, child poverty would increase by 4.4 percent.
- Child support represents, on average, 10 percent of poor custodial family income and 40 percent of income for poor custodial families who receive it.
- For deeply poor custodial families, child support represents, on average, 15 percent of their family income and 63 percent of family income for those who receive it.

The child support program has become a critical public program for children, serving 17 million children, representing nearly one in four children in the United States. Among social welfare programs, only the Medicaid program serves more children. It is also an important source of income for poor families, lifting a million people from poverty in 2008.¹ This brief describes the role of child support in reducing poverty and shows how poor custodial families have become more reliant upon child support.

Families are eligible for child support if they have a child with a parent living outside the home. These families are referred to as custodial families since they have custody of the children. Unlike other social welfare programs, child support is a private transfer, paid by the noncustodial parent and usually transferred to the custodial family through the child support enforcement program. The child support enforcement program is operated at the state and local level and regulated by the federal government.

In 2008, 625,000 children would have been poor if they had not received child support, increasing child poverty by 4.4 percent. Most of these children (477,000) would have lived in deep poverty (below 50 percent of the federal poverty level) as a result of losing their child support income. In addition to benefiting children, 413,000 adults would have been poor if their families had not received child support. Just like the children, most of these adults (275,000) would have lived in deep poverty. Without child support income, these families would need an additional \$4.4 billion to escape poverty.

¹ This analysis uses the official definition of poverty used by the Census Bureau and uses data from the Census Bureau's 2009 Current Population Survey (CPS), Annual Social and Economic Supplement. This analysis is similar to other analyses that examine family income with and without a specific income source without taking into account other changes that might occur if that income source is not received, such as going onto public assistance.

Table 1. Number and Percent of Children in the United States Served by Specific Public Programs, 2008

| Program | Number of Children | Percent |
|---|--------------------|---------|
| Number of children under 18 ^a | 73,941,848 | 100 |
| Number of children served by specific public programs | | |
| Enrolled in school | 55,957,000 | 76 |
| Medicaid | 22,876,500 | 31 |
| Child Support | 17,031,940 | 23 |
| Supplemental Nutrition Assistance Program (SNAP) | 13,321,000 | 18 |
| Children's Health Insurance Program (CHIP) | 4,835,639 | 7 |
| Social Security ^b | 3,118,230 | 4 |
| Temporary Assistance for Needy Families (TANF) | 2,913,815 | 4 |
| Child Care and Development Fund (CCDF) | 1,600,300 | 2 |
| Supplemental Security Income (SSI) ^b | 1,153,844 | 2 |

^a Number of resident children as of July 1, 2008.

^b The number of children served by Social Security and SSI reflect the federally administered programs.

Sources:

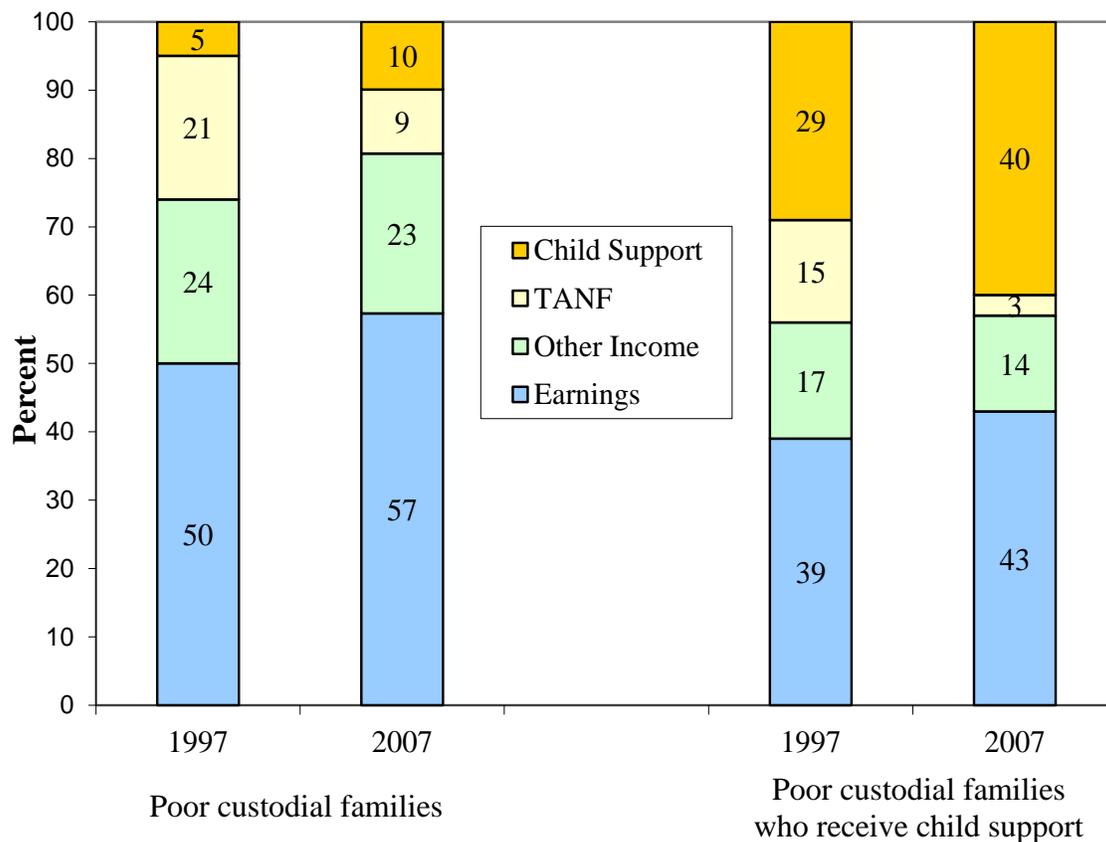
- * Number of Children, U.S. Census Bureau, Table 2: Annual Estimates of the Resident Population by Sex and Selected Age Groups for the United States.
- * School Enrollment, U.S. Census Bureau, Table 1. Enrollment Status of the Population 3 Years Old and Over, by Sex, Age, Race, Hispanic Origin, Foreign Born, and Foreign-Born Parentage: October 2008.
- * Child Support, U. S. Office of Child Support Enforcement, FY 2008 Preliminary Report.
- * SNAP, "Trends in Supplemental Nutrition Assistance Program Participation Rates: 2001 to 2008." by Joshua Leftin. Mathematica Policy Research for U.S. Department of Agriculture.
- * CHIP and Medicaid, Kaiser Foundation, Statehealthfacts website.
- * Social Security, Social Security Administration, Annual Statistical Supplement, 2009, Table 5. A1. 4
- * TANF, U. S. Office of Financial Assistance, TANF Caseload Data
- * CCDF, U. S. Office of Financial Assistance, FFY 2008 CCDF Data Tables, Table 1.
- * SSI, Social Security Administration, SSI Annual Statistical Report, 2008, Table 4.

Congress enacted welfare reform in 1996, replacing an open-ended entitlement with a time-limited benefit that has strict work requirements, called Temporary Assistance for Needy Families (TANF). At the same time, it also greatly expanded the authority of the child support enforcement program. The intent of these reforms was to increase the role of work and child support so that poor families did not need to rely on cash assistance. Ten years later, the data show that this has indeed occurred. Since 1996, the relative importance of child support and earnings has increased while cash assistance for poor and deeply poor custodial families makes up a substantially smaller part of family income.

Child Support Is a Growing Source of Income for Poor and Deeply Poor Families

Among poor custodial families, the average percent of family income that comes from child support has doubled in the past ten years from 5 to 10 percent.² The average percentage of family income from earnings has also increased from 50 to 57 percent. At the same time, poor custodial families have become less dependent on public assistance. In 2007, these families received an average of 9 percent of their family income from Temporary Assistance for Needy Families, down from 21 percent in 1997. Today, child support represents a slightly larger share of family income for poor custodial families than TANF.

Figure 1. Mean Percent of Family Income from Different Sources for Poor Custodial Families



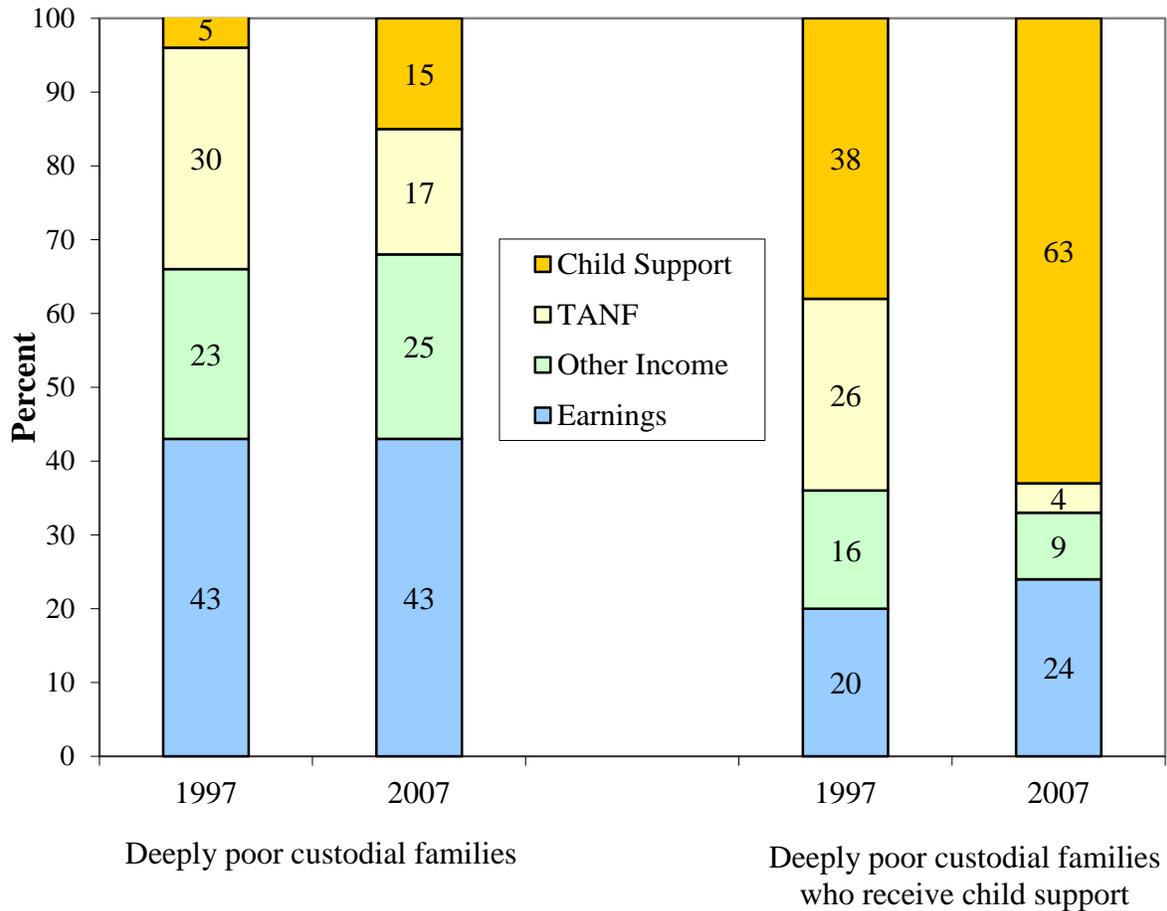
Source: Author's analysis of the 1998 and 2008 Current Population Survey-Child Support Supplement

² The data used in this brief are from the U.S. Census Bureau's 1998 and 2008 Current Population Survey-Child Support Supplement (CPS-CSS). These data provide income information for 1997 and 2007. The 2008 CPS-CSS is the most recent data available from the U.S. Census Bureau on custodial families. These data tend to underreport child support and TANF program benefits. We have not attempted to correct for this underreporting. We try to mitigate against the underreporting problem by examining two years of data and focusing on changes over time.

Poor custodial families who received child support also experienced gains in child support. In 2007, they received, on average, \$3,399, in child support, up 12 percent in real terms from 10 years earlier. Child support represents, on average, 40 percent of their family income, up from 29 percent in 1997. Earnings have also increased for these families, going from an average 39 to 43 percent of family income between 1997 and 2007. In contrast, the average percent of family income from TANF dropped from 15 to 3 percent.

These trends are even more apparent among deeply poor custodial families (families with income below 50 percent of the federal poverty level). For these families, the average percent of family income that comes from TANF dropped from 30 to 17 percent between 1997 and 2007, while the average percent of family income from child support tripled, increasing from 5 to 15 percent. Earnings, on the other hand, have remained unchanged during this period for deeply poor custodial families, representing an average 43 percent of family income.

Figure 2. Mean Percent of Family Income from Different Sources for Deeply Poor Custodial Families



Source: Author's analysis of the 1998 and 2008 Current Population Survey-Child Support Supplement

Among deeply poor custodial families who received child support, the average amount received was \$2,702, up 32 percent in real terms from 10 years earlier. Given this large increase in child support, it is not surprising to see that the average percent of family income from child support has increased from 38 to 63 percent between 1997 and 2007. Earnings have also increased for these families during this time. In sharp contrast, they experienced a dramatic decline in family income from TANF, falling from an average 26 to 4 percent.

Part of the reason poor and deeply poor families are receiving more child support is because they are less likely to be on TANF. While on TANF, the government tends to keep most, if not all, child support collected on recipients' behalf to recoup the cost of providing welfare. Now that these families are less likely to be on TANF, they are receiving more of their child support. In addition, the child support program has become more effective at collecting child support, which appears to be benefiting poor and deeply poor custodial families.

This brief was funded by the U.S. Department of Health and Human Services, Office of Child Support Enforcement under contract number HHSP23320095654WC. The Urban Institute is a nonprofit, nonpartisan policy research and educational organization that examines the social, economic, and governance problems facing the nation. The views expressed are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders.