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CHILD SUPPORT OFFERS SOME PROTECTION AGAINST POVERTY

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In 1996, Congress "ended welfare as we know it" and replaced it with time-limited benefits, strict work requirements, and stronger child support enforcement. Many experts have wondered, however, whether child support can really be a significant source of income for poor families. In fact, it already is for poor families that receive it. Child support reduces the number of poor children by a half million and lessens income inequality among children eligible for it. Unfortunately, an important caveat mars this otherwise optimistic story. About 70 percent of poor children eligible for child support were not getting it in 1996. In addition, it will probably be difficult to obtain child support for these children because their parents are, on average, more disadvantaged than the parents of poor children who already receive child support.

Children with a nonresident parent are nearly four times as likely to be poor as children who live with both parents.

The magnitude of parental absence in America is staggering. One-third of our nation's children have a parent living outside of the household, representing 23 million children in 1997. Children with a nonresident parent are nearly four times as likely to be poor and five times as likely to receive food stamps as children who live with both of their biological parents. In addition, only 21 percent of them live in families with incomes that exceed 300 percent of the poverty threshold, while nearly half (49 percent) of children who live with both parents do. Most children with a nonresident parent (83 percent) live with their mother, but some (12 percent) live with their father. Five percent of these children live apart from both of their parents.

Relying on the National Survey of America's Families (NSAF), this brief examines the extent to which children receive money from and spend time with their nonresident parent; how much child support contributes to family incomes; whether child support reduces child poverty and income inequality; and whether we can expect additional child support enforcement efforts to increase child support receipt rates among poor children. In addition, because the NSAF generated state-specific estimates for 13 focal states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin), we are able to discuss the relative success of these states with regard to child support.

Are Nonresident Parents Generous with Their Money and Time?

Parents are not likely to give money or time to their children from whom they live apart. As table 1 shows, only half of all children received any financial support from their nonresident parent in the past 12 months. Even fewer of these children (one-third) had

Table 1
Child Support Status of Children with Nonresident Parent, by Gender of Nonresident Parent

Status	Children with Nonresident Parents (%)	Children with Nonresident Fathers (%)	Children with Nonresident Mothers (%)
In the Past 12 Months, Received Any Financial Assistance from Nonresident Parent	52	53	39
Have a Child Support Order	50	52	28
Have a Child Support Order and Receive:			
Full Amount of Order	44	46	23
Part of Order	21	21	18
Nothing	35	34	59
Have No Child Support Order and Receive Financial Support	37	36	33
In the Past 12 Months, Have Seen Their Nonresident Parent:			
At Least Once a Week	34	30	47
Some, but Less Than Once a Week	38	38	38
Not at All	28	32	15

Source: 1997 National Survey of America's Families.

weekly contact with their nonresident parent during the past 12 months; one-quarter of them had no contact at all.[1]

Children with a child support order are nearly twice as likely to receive financial support from their nonresident parent as children without an order. In 1997, two-thirds of children with a support order received financial assistance from their nonresident parent. Nonetheless, table 1 also shows that only 50 percent of children with a nonresident parent had a child support order that year and, of these, only 44 percent received the full ordered amount.[2] Among children without an order, only 37 percent received financial assistance from their nonresident parent.[3]

Table 1 shows significant differences between nonresident mothers' and nonresident fathers' involvement with their children. In general, nonresident mothers are less likely than nonresident fathers to financially support their children but are more likely to see them. In fact, 53 percent of children with a nonresident father, but only 39 percent of children with a nonresident mother, received financial assistance from their nonresident parent. In contrast, 47 percent of children with a nonresident mother, but only 30 percent of children with a nonresident father, saw their nonresident parent at least once a week during the past 12 months. Interestingly, children with a nonresident mother are much less likely to have a child support order than children with a nonresident father.

How Important Is Child Support?

Averaged across all children and their families, child support appears relatively unimportant—a mere 2 percent of family income. But child support is an important source of income for children who receive it.[4] In 1996, children who had nonresident parents and whose families received child support received, on average, 16 percent of their family income from child support (figure 1a). The average amount of child support received by these families was $3,795. Although child support is an important source of income for these families, figure 1a also shows that it is not the dominant source of income. In 1996, on average, just over two-thirds of these children's family income came from earnings. Thus, child support supplements earnings but does not replace them.

Child support is an even more important source of income if the children who receive it are poor. Figure 1b shows that the average poor child with a nonresident parent, and whose family received child support, received $1,979 in 1996. This represents over one-quarter (26 percent) of their family income. Figure 1b also shows that child support is a more important source of income than cash assistance for these families.

In contrast, families on welfare receive little, if any, child support because they are required to assign their right to child support to the state as a condition of receiving aid. In 1996, the average amount of child support received by families on welfare was only $816, which represented 12 percent of their families' income. On the other hand, poor children who receive child support, but not welfare, can keep all of their child support, which averaged $2,674 in 1996. This represented over one-third of their annual family income (figure 1c).

Interestingly, we also find that poor children not on welfare are more likely to receive child support if they had received welfare in the past than if they had never received welfare. Over 40 percent of poor children who were eligible for child support and were former welfare recipients received child support in 1996, whereas only 33 percent of poor children who were eligible for child support and had never been on welfare received child support that year.

Does Child Support Reduce Poverty and Income Inequality?

We find that if child support were not paid, 39 percent of children with a parent living elsewhere would have been poor in 1996, compared to the 37 percent that were actually poor that year.[5] Child support lifts about half a million children out of poverty, reducing poverty among these children by 5 percent.

The poverty gap measures the amount of income needed to bring fam-

ilies up to the poverty threshold. We estimate that the poverty gap for children with nonresident parents is roughly $30.5 billion. In other words, it would take $30.5 billion to bring all such children out of poverty. Without child support, however, this number increases by $2.5 billion, to $33 billion. Thus, we estimate that child support reduces these children's poverty gap by 8 percent.

To measure income inequality among children living apart from a parent, we compare family income in different income quintiles. We find that child support reduces income inequality among these families, although the reduction is relatively small. For example, children living in families in the top quintile of income have 4.8 times as much income as children in families in the bottom quintile. In the absence of child support, the disparity would be greater—those children who are best-off would have family incomes that are 5.2 times greater than those of the poorest children.

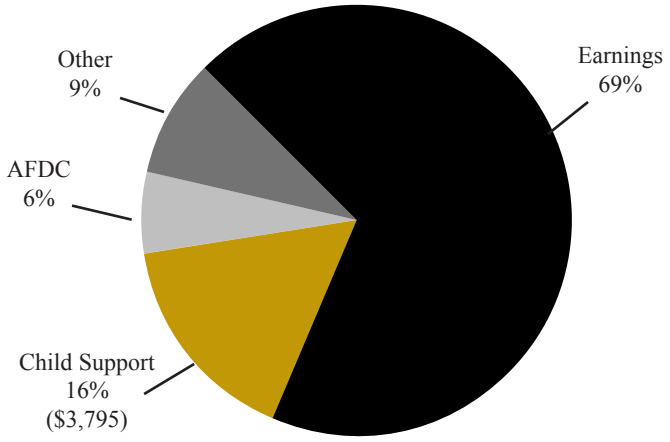
The finding that child support contributes to income equality among children who are potentially eligible for child support may seem somewhat counterintuitive because we know that the amount of child support received by poor families is less than that received by better-off families. Nonetheless, the amount of child support received by poor families constitutes a larger share of their income than it does for better-off families and thus contributes to income equality.

Does Child Support Receipt Vary by State?

Figure 2 shows that the percentage of children with a nonresident parent who receive the full amount of their child support order varies considerably by the state in which they reside. In 1997, only 14 percent of children with a nonresident parent who lived in California received the full amount of their child support order; 86 percent did not receive the full child support order or had no child support order. This state, along with New York and Mississippi, had statistically significantly lower percentages of children receiving the full amount of their child support order than the nation as a whole. On the other hand, Wisconsin and Minnesota were the only states of

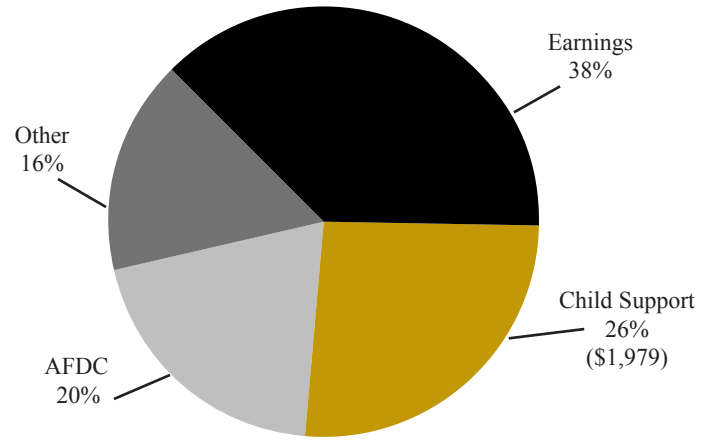
Figure 1
Family Income from Child Support for Children with a Nonresident Parent

1a. All Children with Child Support



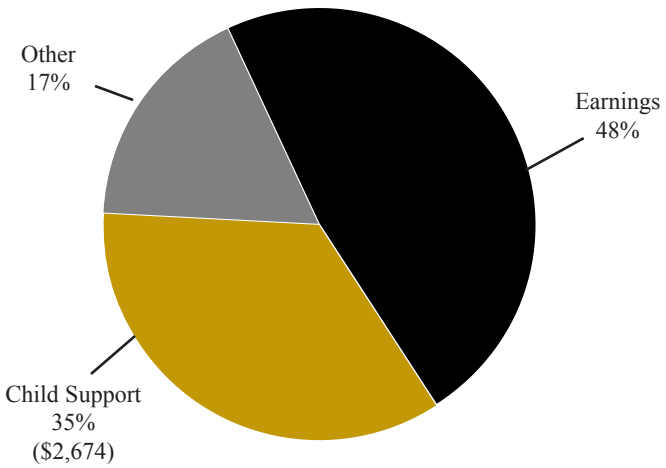
Average Family Income: $34,967

1b. Poor Children with Child Support



Average Family Income: $9,426

1c. Poor Children with Child Support but Not AFDC



Average Family Income: $9,847

Source: 1997 National Survey of America's Families.

the 13 that had significantly higher percentages of children receiving the full amount than the nation as a whole. In Wisconsin, for instance, 30 percent of children with a nonresident parent received the full amount of their child support order; 70 percent received less than the full amount or had no order at all.

These differences by state may be caused by many factors, one of which is the effectiveness of the state's child support enforcement program. It is widely believed that Wisconsin and Minnesota run highly effective child support enforcement programs, while California does not.[6] Nonetheless, there are other differences among these states—such as differences in unemployment, immigration, nonmarital childbearing, and poverty—that are not taken into account in this analysis.

An important fact that figure 2 also conveys is that child support enforcement has a long way to go, regardless of the state in which the child resides, because less than a third of children with a nonresident parent have a child support order and receive the full amount due, even in states considered to have highly effective child support enforcement programs.

Are Poor Children Who Receive Child Support Different from Other Poor Children?

Although child support is an important source of income for poor children who receive it, only 29 percent of poor children who have a parent living elsewhere live in families that receive child support. Can increased child support enforcement improve this percentage? The answer depends, in part, on differences between poor children receiving and not receiving child support. We find that poor families least likely to receive financial support from a nonresident parent come from groups for whom earnings are lowest—African Americans, Hispanics, and those with lower levels of education. For this reason, it may well be harder in the future to obtain financial support for more poor children.

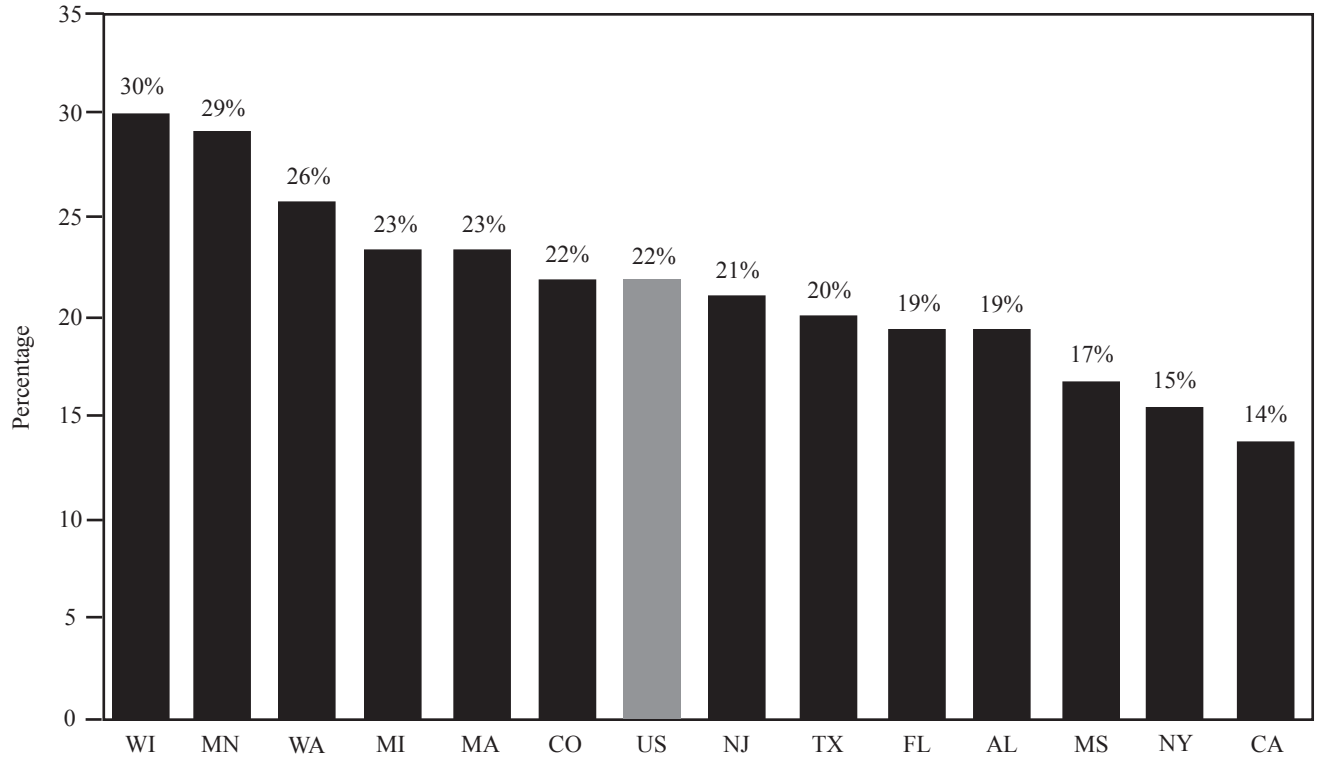
Greater Challenges Ahead

Child support reduces poverty and income inequality among children who live apart from a parent. In addition, it is an important source of income. Child support makes up 35 percent of the family income for poor families not on welfare. However, child support enforcers will encounter difficulty, particularly when trying to increase the percentage of poor children who receive child support. Over 70 percent of poor children with a parent living elsewhere do not receive child support—and these children tend to have nonresident parents for whom child support payments are a particular hardship. For this reason, child support enforcers will face a unique challenge in trying to extend payments to these children.

Notes

1. Our figure regarding no contact in the past 12 months (28 percent) is lower than found in other surveys. For example, the Census Bureau recently reported that 35 percent of custodians reported that

Figure 2
Children with a Parent Living Elsewhere Who Have a Child Support Order and Receive the Full Amount Due, by State



Source: 1997 National Survey of America's Families.

their youngest child with a parent living elsewhere had not seen their nonresident parent in the past 12 months; see Scoon-Rogers (1999). One factor that may contribute to these different outcomes is the way in which the questions were asked. The NSAF asks about contact between the child and the nonresident parent before any other questions about financial support or child support, but most surveys ask about contact within the context of a child support agreement and then ask about other contact as a residual category.

2. The percentage of children with a child support order is lower in the NSAF than typically found in Census surveys because NSAF asks only about court-ordered child support orders. Census surveys usually ask about all types of child support agreements, not just those that are court ordered. In 1996, the Census Bureau found that 58 percent of custodial parents had child support agreements; see Scoon-Rogers (1999). Thus, NSAF misses about 15 percent of agreements.

3. Our figure for financial support outside of an order is more than double what other surveys typically find; see Nord and Zill (1996). There are two possible reasons why these numbers are so different. First, other surveys generally inquire about all types of child support agreements, not just court-ordered ones, which we identify. Thus, more children have an agreement in these surveys than we find, and more of the financial support is associated with an agreement than we find. Second, other surveys typically ask about financial support outside of a child support agreement as a residual category—after a lengthy series of questions about financial support associated with an agreement, the survey finally inquires about financial support outside of an agreement. On the other hand, the NSAF switched this order and asked about any financial support first and then asked about child support orders and payments. As far as we know, no one has tested whether the ordering of the questions matters, but we wanted to capture the level of financial and emotional involvement of nonresident parents independently of child support and thus we asked these questions first, which may contribute to why the results are so different.

4. Child support income is derived from the section of the survey that measures family income. Thus, we do not know for certain that the child support income received by the focal child's family is actually for the focal child. It may be for another child in the family. Nonetheless, we do know that child support income is being received by the focal child's family in the amount that we have identified. Also note that in other sections of this paper (besides the discussion on income inequality) we rely on data from Section H of the survey that measures nonresident parent involvement. There are discrepancies between Section H and the income section of the survey, which cover two different time periods. We have not attempted to resolve these discrepancies since we do not have information to do so.

5. To examine the impact of child support on poverty and income inequality, we must take into account that if child support disappears for poor families, they may become eligible for cash assistance (or more cash assistance). We therefore estimate how many families would become eligible for cash assistance if their child support disappeared, and we assume that the state cash assistance program would bring their income up to their cash assistance payment standard. We expect this method overstates family income if child support were unavailable, since some families might not apply for aid and others might receive less than the state's payment standard.

6. Little Hoover Commission (1997).

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This series presents findings from the National Survey of America's Families (NSAF). First administered in 1997, the NSAF is a survey of 44,461 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information about the survey is available at the Urban Institute Web site: **http://www.urban.org**.

The NSAF is part of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

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