

How Much Can Child Support Provide? Welfare, Family Income and Child Support

When signing the most current welfare legislation, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), President Clinton stated that "If every parent paid the child support that he or she owes legally today, we could move 800,000 women and children off welfare immediately" (quoted in *Children Today*, 1997). Although many share the President's expectations that greater child support enforcement and collections will help to meet the financial needs of children on welfare, it is uncertain whether the collection of such support is likely or if this support will be enough to help these children move out of poverty.

In this study, the Institute for Women's Policy Research examines factors associated with the receipt of a child support agreement, the amount of child support awarded, and the actual collection of payments among single-mother families. Furthermore, researchers examine the contributions of child support to the family income packages and economic well-being of single-mother families, especially welfare-recipient families. The purpose of the study is to provide a realistic assessment of the role that child support may play in helping current welfare recipients and other low-income single-mother families to become self-sufficient.

Covering a period prior to the passage of PRWORA when Aid to Families with Dependent Children (AFDC) was still in place, this study uses data from the 1990 and 1991 panels of the Survey of Income and Program Participation (SIPP) in order to shed light on the likely outcomes after the implementation of welfare reform. Representing approximately 6.7 million families (weighted), a sample of 2,284 single-mother families with children under age 18 was obtained from this data set. Of these families, 785 were AFDC-recipients and 1,783 were non-AFDC recipients, categorized as being either (1) low-income with family incomes below 200 percent of the official poverty line (759 families), or (2) better-off financially with family incomes above 200 percent of the official poverty line (740 families). Sub-grouping single-mother families into these three categories based on income levels and welfare-recipient status allows a better assessment of the role of child support payments in family income packages and how it varies with other income sources in the family.

Because only a small minority of custodial parents receive support without an agreement, it is important to

understand how various factors contribute to both the likelihood of receiving an award as well as the amount of the award received. However, the procurement of a child support agreement does not necessarily result in collection of child support. Often the same factors influencing the establishment of a child support agreement also determine the amount specified in the agreement and the amount of award received, and include the race/ethnicity, marital status, poverty level and educational attainment of the custodial parent. Previous researchers have shown that the women who are least likely to be awarded child support agreements and are least likely to collect support even when an agreement is in place are never-married, black, less educated, and poor.

A Profile of Single-Mother Families

Comparing AFDC-recipient, low-income non-AFDC, and better-off non-AFDC families, Table 1 shows that the financial circumstances and the receipt of a child support agreement of single-mother families are strongly associated with a mother's race/ethnicity, human capi-

Table 1. Characteristics of Single Mothers

	Received AFDC		Non-AFDC			
	With Child Support Agreement (3)	Without Child Support Agreement	Low-Income (1)		Better-Off (2)	
			With Child Support Agreement (3)	Without Child Support Agreement	With Child Support Agreement (3)	Without Child Support Agreement
Sample size	340	445	446	313	532	208
Weighted sample size	966,656	1,313,216	1,302,453	937,643	1,508,402	634,283
Percent of total	14.5%	19.7%	19.5%	14.1%	22.6%	9.5%
DEMOGRAPHICS						
Age	30.2	29.5	34.4	32.3	36.4	33
Race and ethnicity						
% White, non-hispanic	53.8%	27.0%	64.9%	32.5%	76.4%	52.0%
% Black, non-hispanic	28.3%	46.8%	24.5%	47.1%	14.4%	31.9%
% Hispanic	15.8%	23.5%	7.8%	17.8%	7.6%	13.4%
% Other, non-hispanic	2.1%	2.6%	2.8%	2.6%	1.6%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
HUMAN CAPITAL						
Education						
Years of Schooling	11.3	10.8	12.0	11.6	13.5	12.9
Distribution by educational Attainment						
% less than high school	34.7%	48.2%	21.6%	29.2%	6.7%	14.2%
% high school graduate	46.4%	39.2%	52.8%	44.9%	37.6%	42.6%
% beyond high school	18.9%	12.6%	25.5%	26.0%	55.7%	43.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Work experience						
Years of work experience	5.3	3.3	10.2	8.4	13.9	11.7
% worked in the past year	40.0%	29.8%	83.2%	79.4%	96.4%	95.3%
MARITAL HISTORY / FAMILY STRUCTURE						
Marital status						
% never married	38.2%	64.4%	15.9%	47.1%	11.2%	49.9%
Number of children under age 18	2.2	2.1	1.8	1.7	1.4	1.2
Distribution of families by age of youngest child						
% youngest child under age 3	35.2%	44.8%	14.3%	29.1%	10.9%	29.7%
% youngest child age 3-5	26.6%	23.1%	20.4%	18.6%	15.2%	17.5%
% youngest child age 6-12	8.4%	7.9%	20.0%	15.5%	30.5%	24.9%
% youngest child age 13-17	29.8%	24.1%	45.3%	36.8%	43.4%	27.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Family size	3.8	4.0	3.2	3.5	3.1	3.7
Percent living with adult relatives	26.4%	33.8%	19.7%	31.3%	34.3%	55.6%

- (1) Low-Income: Family income is <200% of the official poverty line.
 (2) Better-Off: Family income is >= 200 % of the official poverty line.
 (3) With Child Support Agreement: Has a written or non-written child support agreement.

Source: IWPR calculations based on the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP), 1990 and 1991 full panels and Topical Modules 2 and 3.

tal, marital status, and family characteristics. AFDC mothers are most likely to be young and minority (i.e., black, Hispanic, or other races/ethnicities) while mothers in better-off families are most likely to be older and white. Within each income level, those with a child support agreement are more likely to be older and white than younger and minority. The AFDC mothers without child support are most likely to be members of minority groups (72.9 percent).

The number of years of education and work experience attained by single mothers increase as family income increases. Mothers receiving AFDC had the least education, cumulative work experience and rate of labor force participation, while mothers in low-income families had relatively more, and mothers in better-off families had the most. Within each income group, educational attainment and work experience is generally lower for mothers without child support compared to those with child support. AFDC mothers without child support are most likely not to have a high school diploma (48.2 percent). Furthermore, they have the least amount of work experience with only 3.3 years of labor force experience.

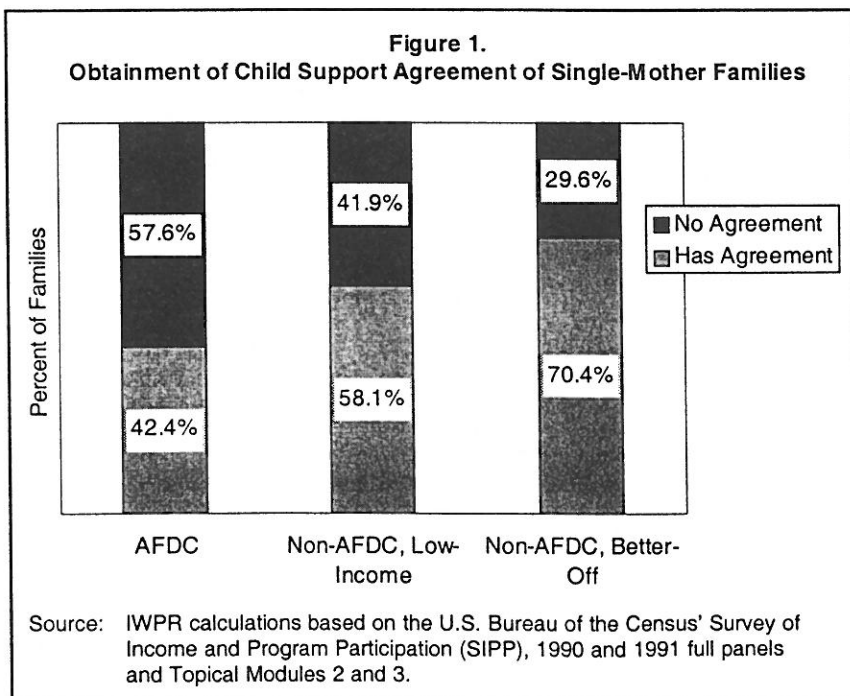
AFDC was designed to support low-income mothers without other means of support, the vast majority of whom were single mothers. In general, AFDC mothers have higher rates of being never-married than non-AFDC mothers. Within each income group, those without child support are more likely to be never-married than those with child support. AFDC mothers without child support have the highest rate (64.4 percent) of being never-married. Furthermore, the number of children and the presence of young children (i.e., under age 6) within single-mother families decrease as family income increases. AFDC mothers have the highest number of children under the age 18 and are most likely to have younger children. Within each income group, those without child support have younger children than those with child support. AFDC mothers without child support are most likely (44.8 percent) to have children under age 3.

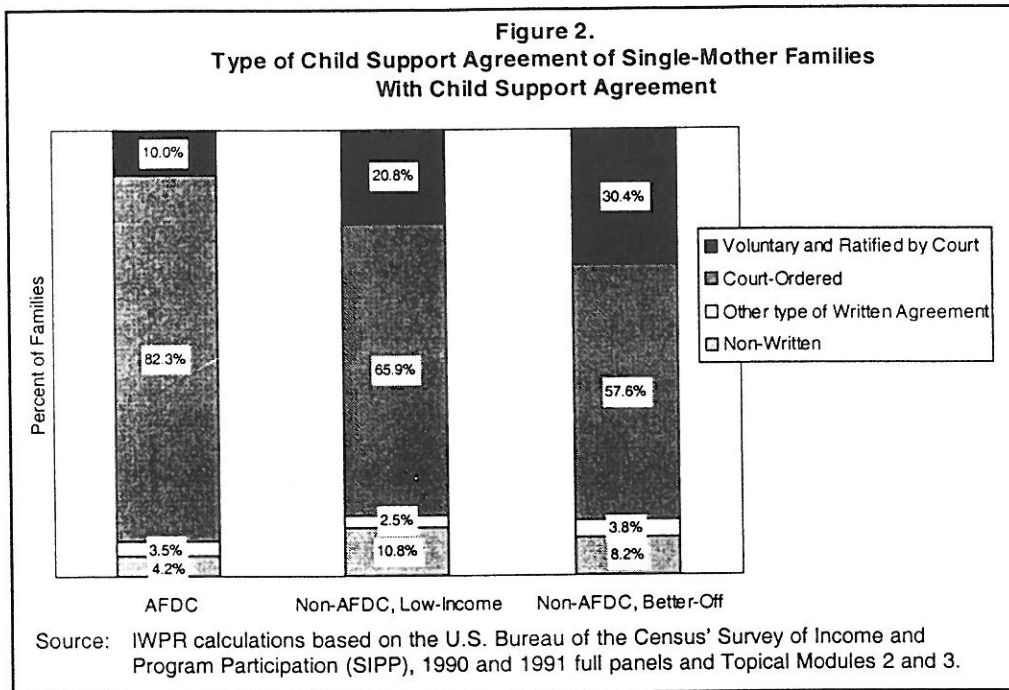
Finally, patterns of living arrangements reflect differences in resource pooling and income packaging of single-mothers across the economic groups. Mothers in better-off families are most likely to be living with other adult relatives, with AFDC mothers being rela-

tively less likely to have this living arrangement. Within each economic group, mothers without child support are more likely to live with other relatives than those with child support. This suggests that single mothers without child support agreements are unable to maintain independent households and, out of economic necessity, may be drawing support from other relatives through shared-living arrangements.

Child Support Agreements: Obtainment and Type

Of all single mothers with children under age 18, 43.3 percent do not have any kind of child support agreement from non-custodial fathers. Among those families with child support agreements, most (92 percent) have these agreements in some written form. However, as shown in Figures 1 and 2, the obtainment of any child support agreement and, in particular, voluntary written agreements becomes less likely as family income decreases. While 29.6 percent of better-off families do not have a child support agreement, 41.9 percent of low-income families and nearly twice the proportion of AFDC families (57.6 percent) lack an agreement. Of those with child support agreements, AFDC mothers have the lowest rate of voluntary agreements (10.0 percent) and the highest rate of court-ordered agreements (82.3 percent). In contrast, better-off mothers have the highest rate of voluntary written agreements (30.4 percent) and the lowest rate of court-ordered agreements (57.6 percent).





Child Support Agreements: Awards and Collection

Integrating data on child support amounts received with data on income from different sources shows that the contribution of child support to family income differs between poor and wealthier families.

Focusing on those with child support agreements (see Table 2), we see that the amount of child

Table 2. Annual Income Packages and Child Support of Single-Mother Families

	Received AFDC		Non-AFDC			
	With Child Support Agreement (3)	Without Child Support Agreement	Low-Income (1)		Better-Off (2)	
			With Child Support Agreement (3)	Without Child Support Agreement	With Child Support Agreement (3)	Without Child Support Agreement
FAMILY INCOME AND INCOME SOURCES						
Total family income	\$13,698	\$14,660	\$16,106	\$15,146	\$43,952	\$47,962
Child support						
Total amount awarded (4)	\$3,242	—	\$4,676	—	\$5,351	—
Total amount due (4)	\$2,949	—	\$3,893	—	\$4,827	—
Total amount received (5)	\$1,125	\$29	\$2,754	\$21	\$3,947	\$103
% of total amount due that was received (4)	50.3%	—	71.4%	—	95.8%	—
Earnings (5)						
Mother's earnings	\$1,821	\$1,236	\$10,280	\$9,182	\$27,209	\$24,983
Other family members' earnings	\$4,623	\$6,324	\$1,316	\$3,288	\$9,450	\$19,610
Means-tested benefits (5)	\$5,486	\$5,754	\$454	\$698	\$144	\$197
Other family income	\$642	\$1,317	\$1,301	\$1,957	\$3,202	\$3,069
FAMILY ECONOMIC WELL-BEING						
Percent in poverty	73.7%	76.5%	35.4%	48.0%	0.0%	0.0%
Income/poverty threshold ratio	0.87	0.86	1.22	1.06	3.27	3.24
Percent in poverty if without child support	77.2%	76.5%	46.2%	48.8%	0.4%	0.0%
Income/poverty threshold ratio	0.79	0.86	1.01	1.06	2.96	3.23

Note: All dollar amounts are in January 1997 dollar values.

(1) Low-Income: Family income is <200% of the official poverty line.

(2) Better-Off: Family income is ≥ 200% of the official poverty line.

(3) With Child Support Agreement: Has a written or non-written child support agreement.

(4) Only those with written agreements are included in these calculations.

(5) Families with 0 values on these variables are included in these calculations.

Source: IWPR calculations based on the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP), 1990 and 1991 full panels and Topical Modules 2 and 3.

support awarded in written agreements, the amount that is due to the family, and the amount actually received increases across poor to wealthier families. With the lowest average amounts of child support, single-mother families receiving AFDC are awarded \$3,242 and are due \$2,949 in child support. Collecting an average of \$1,125 in child support, AFDC families receive only 50.3 percent of the child support due to them.

The amount of child support received by AFDC families may be even lower than what was actually collected because most welfare departments passed through to the mother only \$50 of what was collected (from the absent father). Nevertheless, the amount of child support that AFDC women can potentially collect is very limited. As shown in Table 2, the average amount of child support due to AFDC families is about \$2,949. Even assuming a 100-percent rate of collection, a very unlikely case, the amount is just over half (53.8 percent) of the welfare and other means-tested benefits received (\$5,486) by these families.

In contrast, low-income and better-off families are awarded child support at higher amounts and rates. Compared to AFDC families with written agreements, low-income families are awarded 44.2 percent more in child support (\$4,676) while better-off families are awarded 65.1 percent more (\$5,351). Consequently, low-income and better-off families are typically owed higher levels of support compared to AFDC families. Compared to AFDC families, low-income families are owed 24.2 percent (\$3,893) more in child support while better-off families are owed 38.9 percent more (\$4,827). Besides being awarded and owed higher levels of child support, higher economic-strata families are also more able to collect what is due to them. Low-income families typically receive 71.4 percent (\$2,754) of child support owed while better-off families collect an even higher proportion of child support owed (95.8 percent, \$3,947).

Illustrating their difficulties in obtaining support from non-custodial parents, single-mothers without written child support agreements receive only a fraction of the amount that those with agreements are able to collect. For instance, AFDC families without agreements are able to collect less than 1 percent (0.8 percent) of the amount than their counterparts with agreements, averaging \$29 in child support over the previous year.

Income Packages and Contributions of Child Support

Besides differences in the collection of child support, the composition of family income packages also

Figure 3a.
Income Packages of AFDC, Single-Mother Families with Child Support Agreement

Total Annual Family Income = \$13,698

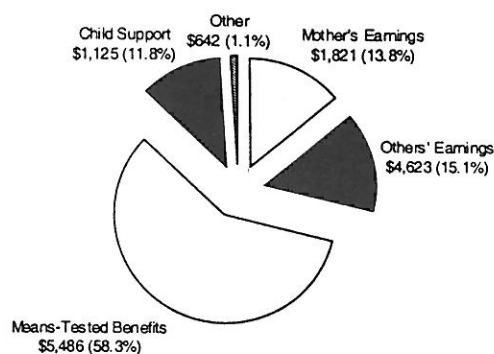


Figure 3b.
Income Packages of Low-Income, Single-Mother Families with Child Support Agreement

Total Annual Family Income = \$16,106

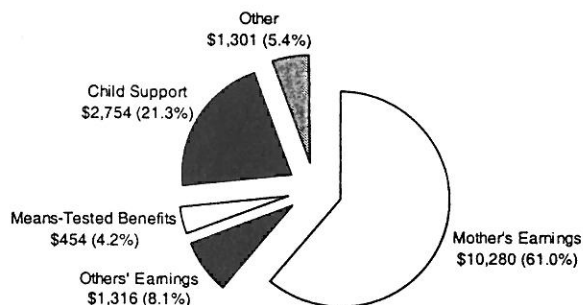
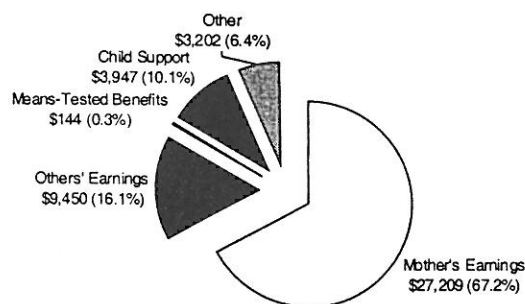


Figure 3c.
Income Packages of Better-Off, Single-Mother Families with Child Support Agreement

Total Annual Family Income = \$43,952



Note: Dollar amounts in January 1997 dollar values.
Source: IWPR calculations based on the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP), 1990 and 1991 full panels and Topical Modules 2 and 3.

differs in significant ways across these three subgroups of families. Figure 3 illustrates the income packages for the three family groups with child support agreements.

Not surprisingly, means-tested benefit income represents the largest source of income for AFDC families (58.3 percent). The higher total family incomes of better-off families with child support reflect the higher contributions of earnings from both mothers and other family members. Earnings by mothers and other family members constitute the largest proportion of the total family income for better-off and low-income families (83.3 percent and 69.1 percent, respectively). AFDC families report 28.9 percent of family income from mothers' and others' earnings.

Among the low-income families, child support contributes a substantial proportion (21.3 percent) to the total family income. In contrast, income from child support contributes only 10.1 percent and 11.8 percent of the total family income for the better-off and AFDC families, respectively. If we assume the best scenario where AFDC families receive their full-amount of child support due to them (\$2,949), the contribution of child support to family income would increase to 30.3 percent (analyses not shown).

Poverty Rates and Child Support

Table 2 illustrates the effects of child support on family well-being and how it varies across the family-types in this study. Among low-income families, those with child support have a substantially lower poverty

rate (35.4 percent) than those without child support (48.0 percent). This is due both to the higher earnings of mothers and to child support payments received by those with agreements. IWPR analyses also shows the poverty rate for those receiving child support would increase to 46.2 percent without their child support income. In contrast, child support receipt has little effect on the poverty rates among AFDC families. About three-quarters of these families live in poverty, regardless of their child support status (73.7 percent and 76.5 percent). But for those with agreements, their poverty rate would be 4 percentage-points higher without this income (up to 77.2 percent from 73.7 percent). The better-off families would have very little poverty in the absence of child support.

Conclusions

This IWPR study finds that, overall, child support constitutes only a small proportion of the total family income of single-mother families. For single mothers who are most disadvantaged in getting a stable job and becoming self-sufficient, the same factors — low education, being a minority, having young children, and weak attachment to the labor force — are also associated with the chances of obtaining a child support agreement, the amount of child support awarded in these agreements, and the actual amount of child support collected. This points to the limitation of using child support as a safety net or replacement of government transfers for single-mother families on welfare, because those single mothers who are disadvantaged in the labor market are also disadvantaged in obtaining child support.

This fact sheet is based on the IWPR Report *How Much Can Child Support Provide: The Role of Child Support in Family Income Packages and Its Determinants among Single-Mother Families*, by Kristine Witkowski and Hsiao-Ye Yi, forthcoming. The study upon which this fact sheet is based was made possible through the support of the Ford Foundation. This Research-In-Brief was prepared by Kristine Witkowski with Radhika Murthy, and formatted by Anna Rockett in March 1999.

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