

Why are child support collections declining?

Between 1978 and 1985 total child support collections—payments made by absent parents to the custodians of their children—declined by 7 percent, from \$8.2 billion to \$7.6 billion (in 1987 dollars), and child support and alimony as a percentage of the total income received by female-headed families declined by 8 percent.¹ This decline was occurring at a time when more and more was being done on both the national and state level to require parents who do not live with their children to make regular support payments. Institute affiliate Philip K. Robins has examined this anomaly and the various hypotheses that have been advanced to explain it, and he and other affiliates have assessed the potential for child support to improve the circumstances of children (see box, page 25).

History of enforcement of child support

For the past four decades, ever since it became abundantly clear that absent parents were contributing little to the support of their children—and, partly as a result, children living with single mothers were likely to be poor and dependent on welfare—government resources devoted to enforcing child support have grown steadily, until, by 1988, the cost of administering the enforcement program was \$1.2 billion and collections from the program amounted to approximately \$4.6 billion.² Enforcement has had the dual purposes of enhancing the well-being of children and reducing public expenditures on welfare. An abbreviated chronology of the federal government's accelerating commitment to the enforcement of child support through amendments of the Social Security Act follows.

1950—State welfare agencies are required to notify law enforcement officials when a child receiving AFDC benefits had been deserted or abandoned.

1965—States are allowed to request addresses of absent parents from federal social security records and tax records.

1967—States are required to establish a single organizational unit to enforce child support.

1975—Part D is added to Title IV of the Social Security Act, establishing the Child Support Enforcement (IV-D)

program. This legislation establishes a federal Office of Child Support Enforcement and requires each state to establish a corresponding agency to help enforce the payment of child support in all AFDC cases. Most of the states' enforcement costs are to be reimbursed by the federal government. The state agency must provide services to establish paternity, locate absent parents, establish child support obligations and enforce them. These services are to be made available on a temporary basis to non-AFDC families who request them. AFDC families are required to assign their rights to child support to the IV-D agency in order to receive welfare.

1980—Congress permanently extends matching funds for enforcement services to all children potentially eligible for child support, irrespective of income or AFDC reciprocity.

1981—A tax refund offset program authorizes the IRS to withhold refunds of persons who owe child support payments to families receiving AFDC benefits.³ States are required to intercept payments of unemployment compensation to individuals whose child support payments to families receiving IV-D services are in arrears.

1984—States are required to adopt expedited procedures for obtaining and enforcing support orders either through the judicial system or under administrative procedures. Mandatory wage withholding is authorized if child support payments are delinquent by one month or more. The tax refund offset program is extended to families not on AFDC. States are required to develop guidelines for determining the size of child support awards. The length of time during which paternity can be established is extended to the child's eighteenth birthday. A \$50 child support "passthrough" enables families on AFDC to keep the first \$50 of child support paid, after which their AFDC payments are reduced dollar-for-dollar by the amount paid.

1988—States are required to use guidelines (uniform standards) for determining the size of child support awards unless the guidelines are rebutted by a written finding that applying them would be unjust or inappropriate in a specific case. States must review individual child support awards for AFDC cases at regular intervals, and all other

IV-D cases at the request of a parent. Starting in 1990, states will be required to use immediate withholding for all cases handled by the Office of Child Support Enforcement. By 1994 withholding will be required for all new support orders. States are required to establish paternity in a given proportion of cases of out-of-wedlock births that result in AFDC or IV-D services. Incentives are provided for the states to set up procedures to require that genetic testing be used in contested paternity cases. Furthermore the social security numbers of both parents are to be put on every birth certificate, to be available to the IV-D agency if needed. Greater efforts will also be made to locate missing parents, especially those who have moved to a different state.

Likely causes of the decline in award amounts

Table 1 presents data on the basic trends in child support from 1978 to 1985 for women age 18 and older. As can be seen, there is a slight upward trend in child support award rates (the proportion of families eligible for awards who obtain them) and reciprocity rates (the proportion of those with awards who receive support payments). Yet the mean award and mean payment drop. From 1978 to 1985 the average child support award fell by almost 25 percent in real terms and the average payment fell by roughly the same amount. The biggest decline occurred between 1978 and 1981, when the average award fell by 14 percent and the average payment fell by almost 19 percent. Because the intensified efforts of government are assumed to have had the effect of increasing both the sizes of awards and the total amount collected, something else was obviously happening concurrently to cause the drop.

Three possible explanations of the decline are examined by Robins: inflation, demographic change, and the increased earnings of women.

Inflation

Because child support awards are almost always made in dollar amounts rather than as percentages of the noncustodial parent's income, and because awards are rarely updated (though updating is mandated by the latest legislation), inflation is bound to reduce the real value of awards over time. The high inflation rate of the period from 1978 through 1981 undoubtedly played a major role in the decrease in the average real awards during this period, but from 1981 to 1985 inflation was considerably more moderate, yet the award level continued to decline. Therefore it is unlikely that inflation alone explains the decrease in the average size of awards.

Change in the demographic composition of those receiving awards

In recent years the number of never-married women awarded child support has increased. These women tend to have

Table 1
Trends in Child Support, 1978-1985

	1978	1981	1983	1985
Overall potential population (N=14,099)				
Award rate	.52	.52	.50	.53
Reciprocity rate	.37	.37	.38	.39
Sample size	3,082	3,711	3,686	3,620
Population owed child support (N=7,265)				
Reciprocity rate	.72	.71	.75	.74
Mean award	\$3,326	\$2,855	\$2,679	\$2,515
Mean payment	\$2,195	\$1,779	\$1,850	\$1,681
Sample size	1,590	1,918	1,852	1,905
Population receiving child support (N=5,312)				
Mean payment	\$3,039	\$2,491	\$2,472	\$2,275
Sample size	1,148	1,370	1,386	1,408

Source: Philip K. Robins, "Why Are Child Support Award Amounts Declining?" IRP Discussion Paper No. 885-89, University of Wisconsin-Madison, 1989, p. 7.

Notes: Based on data from March/April CPS match files. All amounts are in 1985 dollars, using the Consumer Price Index. Includes women age 18 and older.

lower awards than the rest of the population because the fathers of their children are younger and have lower incomes. They therefore bring down the average size of awards. But by how much? Between 1981 and 1985, among women with awards, the proportion that were never married rose from 4 percent to 7 percent.⁴ By 1985 18.4 percent of never-married mothers potentially eligible for child support had awards.⁵ Their awards averaged about one-half of those of other women. But because they are such a small part of the population of women receiving awards, it would be surprising if their presence could explain much of the drop in average awards. And the fact that more never-married mothers are receiving awards makes the drop in aggregate award levels even more surprising.

Earnings of the mother relative to earnings of father

It is not known to what extent the earnings of both the mother and the father have been used to determine the size of the child support award. Awards tend to increase with the earnings of the father and decrease with the earnings of the mother.⁶ Moreover many or perhaps most individuals (but not all) believe that it is only fair to take the mother's income into account in determining the award.⁷ As of 1989, a summary of the guidelines now in use lists 27 states that explicitly take into account the earnings of the mother as well as

the father.⁸ Women's earnings relative to men rose over the period from 1978 to 1985 for two reasons: more and more women were working, and women's wages compared to those of men were gradually increasing.⁹ This combination of circumstances makes women's earnings one of the most probable causes of the decline in child support collections.

Estimating the effects of the proposed causes of the decline in awards

Using data from the March Current Population Surveys merged with special April Child Support Supplements, Robins was able to isolate the effects that inflation, demographics, women's earnings relative to those of men, and the government's stepped-up enforcement policy have had on child support awards over the period between 1978 and 1985. His results are given in Table 2. The table presents estimates of the sources of change in award levels for the total seven-year period and for shorter time spans within that period.

Over the full seven years, the increase in the relative earnings of women appears to have been the most important determinant of the decline in award size, accounting for \$725 of the \$811 drop. Inflation was chiefly responsible for the decline between 1978 and 1981, but thereafter the effect of inflation was positive, reflecting that the average rate of inflation experienced by sample members fell—because persons who obtained awards before the 1980–81 inflation aged out of the sample while persons with awards in later years entered it. Between 1983 and 1985 several offsetting factors were apparently at work: the increased number of never-married mothers with awards and the increased relative earnings of women led to a \$526 decline in the average award, whereas reduced inflation and the government's enforcement policies led to a \$361 increase in awards. The net result was a decline of \$164.

New Institute Publications on Child Support Awards

Irwin Garfinkel and Sara McLanahan, "The Effects of the Child Support Provisions of the Family Support Act of 1988 on Child Well-Being." IRP Discussion Paper No. 901–89, 1989.

Irwin Garfinkel and Marygold S. Melli, "The Use of Normative Standards in Family Law Decisions: Developing Mathematical Standards for Child Support." IRP Discussion Paper No. 900–89, forthcoming.

Charles Michalopoulos and Irwin Garfinkel, "Reducing the Welfare Dependence and Poverty of Single Mothers by Means of Earnings and Child Support: Wishful Thinking and Realistic Possibility." IRP Discussion Paper No. 882–89.

Ann Nichols-Casebolt and Marieka Klawitter, "Child Support Enforcement Reform: Can It Reduce the Welfare Dependency of Families of Never-Married Mothers?" IRP Discussion Paper No. 895–89, 1989.

Donald T. Oellerich, Irwin Garfinkel, and Philip K. Robins, "Private Child Support: Current and Potential Impacts." IRP Discussion Paper No. 888–89, 1989.

Philip K. Robins, "Why Are Child Support Award Amounts Declining?" IRP Discussion Paper No. 885–89, 1989.

Table 2
Estimated Sources of Changes in Average Award Levels

Period	Actual Change	Estimated Source of Change			
		Inflation	Demographic Factors	Female-Male Relative Earnings	Exposure to IV-D Program at Time of Marital Disruption
1978–1985	–\$811	–\$145	–\$103	–\$725	+\$162
1978–1981	–471	–318	+29	–254	+72
1981–1985	–340	+401	–210	–638	+106
1981–1983	–176	+136	–66	–293	+48
1983–1985	–164	+299	–140	–386	+62

Source: Philip K. Robins, "Why Are Child Support Award Amounts Declining?" IRP Discussion Paper No. 885–89, University of Wisconsin–Madison, 1989, p. 24.

Have child support awards topped off?

Because the Family Support Act (the 1988 amendments to the Social Security Act) requires states to use uniform standards to determine child support amounts, requires that child support be withheld from salaries, and provides incentives for states to pursue cases in which paternity has not been established (as well as penalties if states fail to comply), it can be expected to increase the amount collected. A study carried out by Donald T. Oellerich, Irwin Garfinkel, and Robins (see box, page 25) demonstrates that collections of child support fall far short of their potential. The researchers simulated the effects of five scenarios for the collection of private child support: (1) the system as of 1983, under which only 60 percent of those potentially eligible for child support have a legal child support order and only 70 percent of the amount owed is actually paid; (2) the 1983 system with the total amount owed actually collected; (3) the 1983 system, but with all awards based on a uniform standard; (4) a uniform standard, the 1983 proportion of awards to eligibles, and 100 percent collections; and (5) a uniform standard, all those eligible for child support having awards, and the collection of the full amount owed (in other words, a perfect system).

The results of the simulations are presented in Table 3. The two uniform standards that are tested are that of Wisconsin and Colorado. The Wisconsin standard takes into account only the income of the noncustodial parent, almost always the father. It is a percentage of that parent's income: 17 percent of gross income for one child, 25 percent for two, 29 percent for three, 31 percent for four, and 33 percent for five or more children. The Colorado standard takes into account the mother's income as well. The costs of the children are determined on the basis of the combined gross incomes of both parents. These costs are then proportionately shared by the parents, based on the proportion of gross income each receives. Thus in Colorado child support awards are sensitive to the relative incomes of women and men.

The results show that enormous increases in child support are possible. A perfect system would collect \$28 billion under the Colorado standard and over \$32 billion under the Wisconsin standard, compared with the current (1983) collections of under \$7 billion.

Columns 2 and 3 of Table 3 give the totals that can be collected by custodial families who are and are not welfare recipients. The effects of a perfect system of collection are much more dramatic for families on AFDC than for other families. The upper limit of collections is over 600 percent more than is collected now. These numbers indicate the difficulty of securing awards and collecting private child support for poor families, among whom are most of the never-married mothers. In further simulations described in their paper, Oellerich, Garfinkel, and Robins estimate that under a perfect system, AFDC participation would decline by 16–17 percent and AFDC costs would decrease by 30–33 percent. These numbers indicate that although private child

Table 3
Transfers in 1983 for Private Child Support
Versus Potential Transfers
(billions of 1983 dollars)

Scenario	Total Eligible Families (1)	Families Not on AFDC (2)	Families on AFDC (3)
1. 1983 payments	6.83 (3.84)	6.26 (3.21)	.57 (.63)
2. 1983 awards	9.68 (3.84)	8.52 (3.21)	1.16 (.63)
3. Uniform standard; 1983 number of awards; 1983 collection rate			
Wisconsin ^a	13.33	12.50	.83
Colorado ^b	11.22 (3.84)	10.40 (3.21)	.82 (.63)
4. Uniform standard; 1983 number of awards; 100 percent collection			
Wisconsin ^a	19.58	17.94	1.64
Colorado ^b	16.70 (3.84)	15.07 (3.21)	1.63 (.63)
5. Theoretical upper limit			
Wisconsin ^a	32.44	28.01	4.43
Colorado ^b	28.03 (7.89)	23.92 (5.82)	4.11 (2.07)

Source: Donald T. Oellerich, Irwin Garfinkel, and Philip K. Robins, "Private Child Support: Current and Potential Impacts," IRP Discussion No. 888-89, University of Wisconsin-Madison, 1989, p. 11.

Note: A family is eligible for child support if it contains children under 18 who have living noncustodial parents. Numbers in parentheses are the number of eligible families (in millions) with an obligation.

^aThe Wisconsin standard is based on the income of the noncustodial parent.

^bThe Colorado standard is based on the incomes of both parents.

support has the potential to make significant reductions in AFDC caseloads and costs, it will not replace AFDC. Even under a perfect system, over 80 percent of the caseload and two-thirds of the costs of welfare will remain.¹⁰

The fact that child support awards have been shrinking is not an indication that no more can be collected. Absent parents can contribute much more than they now do to the economic well-being of their children. Furthermore the reductions in award amounts may not indicate that women and children in single-parent families are getting any poorer, if the reductions are related to rising incomes of women relative to men. But questions can be raised about the equity of standards that take into account the income of the custodial parent as well as that of the noncustodial parent. To what extent is such a system fair? This highly controversial issue is discussed at length by Irwin Garfinkel and Marygold Melli in their forthcoming Discussion Paper, "The Use of Normative Standards in Family Law Decisions" (see box, page 25). ■

(Notes on p. 29)

Alden Speare, Jr., and Michael Rendall, Brown University, "Poverty, Living Arrangements, and Residential Mobility of Elderly Persons" (to be available as an IRP Discussion Paper).

Data on the elderly between 1983 and 1986 from the Survey of Income and Program Participation were analyzed to study the relationship between poverty and the living arrangements of the elderly. Particular attention was paid to the way poverty is measured, since the elderly—especially the oldest groups—tend to have smaller current income than others (because they do not work) but more assets.

The study revealed that a number of the poor elderly, especially those who are single, do live in extended households, usually with their families. If they were to live alone, the official poverty rate for this group would be 50 percent higher. So, although extended families have declined over recent decades, their role in alleviating poverty remains a major one for single elderly persons.

On the other hand, neither poverty nor disability could be shown to lead elderly persons to change their living arrangements from living alone to living with others.

Jay D. Teachman, University of Maryland, and Karen Polonko, Old Dominion University, "Negotiating Divorce Outcomes: Can We Identify Patterns in Divorce Settlements?" (available as IRP Discussion Paper No. 886-89); "Providing for the Children: Socioeconomic Resources of Parents and Child Support in the United States" (available as IRP Discussion Paper No. 887-89).

Both research projects are related to the need to provide for children outside of nuclear families, now that such families are increasingly likely to end in divorce. "Negotiating Divorce Outcomes" establishes that parents make trade-offs in divorce settlements, negotiating custody, visitation, child support, and the division of marital property. Data from the National Longitudinal Study of the High School Class of 1972 show that there are discernible patterns in divorce outcomes which are unlikely to be random. The authors note, however, that they cannot reject the influence of additional factors, such as judicial practices and divorce law, on divorce outcomes. "Providing for Children" focuses on the factors that influence child support awards and amounts. A sample of divorced women from the National Longitudinal Study of the High School Class of 1972 reveals that the socioeconomic resources of parents at the time of the divorce, as measured by earnings of the father and earnings and education of the mother, affect their ability to negotiate a settlement and the motivation of the noncustodial parent to provide support. Socioeconomic resources are found to be significant predictors of child support outcomes. Thus the most economically vulnerable children are the hardest hit by divorce, having no award or a small one.

Peter R. Virgadamo, University of Southern California, "Urban Poverty and Church Charity in Colonial Boston" (available as Discussion Paper No. 896-89).

Drawing on archival sources, this research contrasts the practice of charity toward the poor by two very different minority churches, Anglican and Baptist, in eighteenth-century colonial Boston, when the Puritan faith was dominant. The brief glimpses into poverty and efforts to alleviate it indicate that the feminization of poverty is nothing new: Widows and orphans were the chief recipients of assistance. And though it is close to impossible to construct a poverty line for the 1700s, it is clear that church charity provided only a small portion of what the needy required to survive.

Why are child support collections declining? (Continued from p. 26)

¹U.S. House of Representatives, Committee on Ways and Means, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means* (Washington, D.C.: U.S. Government Printing Office, 1989), p. 640.

²*Ibid.*, p. 638. Note that the \$4.6 billion is the amount collected through the enforcement program, not the total amount collected.

³This was the first time the tax system was used for issues unrelated to tax liabilities. This law laid the groundwork for subsequent withholding provisions, treating child support as a tax. See Philip K. Robins and Katherine P. Dickinson, "Child Support Enforcement," *Journal of the Institute for Socioeconomic Studies*, 7 (Summer 1982), 48-64.

⁴The data on the proportion of women with awards who are never married comes from the Current Population Survey (CPS) match files, which merge the April Child Support Supplements covering the years 1978, 1981, 1983, and 1985 with the March CPS covering the same years.

⁵U.S. Bureau of the Census, *Current Population Reports, Series P-23, No. 152, Child Support and Alimony, 1985* (Washington, D.C.: U.S. Government Printing Office, 1987).

⁶See Robert G. Williams, "Child Support and the Costs of Rearing Children: Using Formulas to Set Adequate Awards," *Juvenile and Family Court Journal*, 36 (Fall 1985), 41-48; and "Guidelines for Setting Levels of Child Support Orders," *Family Law Quarterly*, 21 (Fall 1987), 281-324; Diane Dodson, "A Guide to the Guidelines," *Family Advocate*, 10 (Fall 1987), 4-10; Robert D. Thompson and Susan F. Paikin, "Formulas and Guidelines for Support," *Juvenile and Family Court Journal*, 36 (Fall 1985), 33-40; and Willard H. Douglas, "Factors in Determining Child Support," *Juvenile and Family Court Journal*, 36 (Fall 1985), 27-32.

⁷See Nora Cate Schaeffer, "Principles of Justice in Judgments about Child Support," IRP Discussion Paper No. 852-87, University of Wisconsin-Madison, 1987.

⁸National Center for State Courts. "Child Support Guidelines Summary Update," NCSC Project Office, 4001 North Ninth Street, Arlington, Va., loose tables, 1989.

⁹Robins, "Why Are Child Support Award Amounts Declining?" p. 14.

¹⁰Oellerich, Garfinkel, and Robins, "Private Child Support" (see box, p. 25), pp. 19-21.