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Child Support and Low-Income Families: Deadbeat Dads or Policy Mismatch?

Child support has become a pressing policy concern in California. Single parents now head more than one-quarter of the state's families, and over three million children in California are eligible for child support from noncustodial parents. Child support policies are meant to provide economic security for children and custodial parents, to prevent single-parent families from entering the welfare system, to help families leave that system quickly, and to reduce welfare spending. These laudable goals notwithstanding, California's child support system has been the target of persistent criticism. Spotty enforcement has compromised the economic security of many single-parent families, and the system has done little to reduce welfare spending. These and other shortcomings have prompted major administrative changes and numerous proposals for policy and programmatic reform.

In *Child Support and Low-Income Families: Perceptions, Practices, and Policy*, Maureen Waller and Robert Plotnick pose a key question: Why does the child support system break down for so many low-income families? Drawing on hundreds of interviews with parents across the nation, the authors identify a mismatch between the experiences of low-income families and the system's assumptions and regulations. Although the child support model presumes families with divorced fathers working full-time, many low-income fathers were never married and work irregularly. Faced with this mismatch, low-income parents often prefer private, informal arrangements to full compliance with regulations that they regard as unfair, counterproductive, or punitive. After describing the child support system and low-income parents' responses to it, Waller and Plotnick consider various reforms in light of social and economic factors that hinder compliance among low-income families.

The Child Support System and Its Effects

Under current federal law, states are responsible for locating noncustodial parents, establishing paternity and child support orders, and enforcing these orders. When a custodial parent in California applies for and receives benefits from Temporary Assistance to Needy Families (TANF), the Family Support Division (or its successor agency) automatically opens a TANF child support case. Mothers receiving TANF benefits must cooperate with state officials in locating fathers and establishing paternity. Custodial parents, usually mothers, must also assign to the state all rights to child, spousal, or medical support up to the amount of public aid the family receives. A TANF family may keep no more than the first \$50 of the monthly child support payment; the remainder goes toward reimbursing the government for TANF payments. Noncustodial parents, usually fathers, receive no credit for direct or in-kind support to mothers or children.

Low-income parents claim that welfare and child support regulations adversely affect their families, finances, and relationships. Parents especially object to assigning all rights to child support to the state. They maintain that their family's needs are not met with the "pass-through," or portion of the father's payment that the mother retains after the state has recouped TANF costs. They also note that the father's payments do little to increase their children's standard of living.

Parents respond in various ways to these perceived disincentives. Many make private, informal arrangements in which the father pays the mother instead of the state. For a variety of emotional, domestic, and economic reasons, these parents also prefer in-kind support (such as diapers, clothes, and toys) to formal cash payments.

Low-income parents object to enforcement practices as well. Mothers cite the difficulty of filing a claim, the state's inability or unwillingness to enforce orders, and the impersonal nature of the child support agency. Fathers complain that the system does not recognize or respond to their economic circumstances. Faced with irregular employment, high support payments, unmanageable arrears, and retroactive support orders, many fathers ignore orders, accumulate substantial arrearages, quit their jobs, work in the underground economy, or pay just enough to avoid harassment or incarceration.

Fathers also resent criminal sanctions for failing to make payments. Many believe that enforcement practices ignore or even impede their efforts to support and be involved with their children. Others maintain that the system is less likely to penalize fathers who turn to the underground economy. Exacerbating these problems is a general lack of familiarity with child support regulations among low-income fathers.

Policy Options and Implications

Given these problems, as well as the public's interest in effective enforcement, the authors consider various policy reforms. One option is to pass through more or even all of the money collected from noncustodial parents. The state could also match support payments made by low-income fathers, gradually phasing out these matching funds at higher levels of income. Fathers could be allowed to file for the Earned Income Tax Credit even if they were not living with their children. These measures would probably increase compliance as well as the cost to the state.

What kinds of child support reforms are likely to increase compliance, adhere to consensus policy goals, and acknowledge the constraints on low-income parents?

The state could also initiate or expand programs that seek to increase both the earnings of low-income fathers and their involvement with their children. Current programs include employment and training services, peer support sessions dealing with parental responsibilities and arrange-

ments, and efforts to educate fathers on the child support system. These programs have generated increased interest, funding, and political support in recent years.

Establishing lower and more flexible child support payments for low-income fathers would encourage compliance and minimize overwhelming arrearages. Fathers claim that they would be more willing and better able to maintain their payments if those payments could be adjusted quickly to reflect changes in income. Administering a system with this degree of flexibility, however, may prove difficult. A related option is child support assurance, which guarantees minimum support payments for custodial parents and their children, regardless of the noncustodial parent's earnings. A potential drawback to child support assurance and flexible payments is that both might encourage fathers to work less or shift their work to the informal sector.

For fathers who have accumulated large arrearages, a one-time amnesty, contingent on future compliance, could be offered. Another option is to limit arrearages, thus diminishing the need for amnesty. Objections to both amnesty and limits on arrearages include the possible loss of revenues to the state, the perception that such measures are unfair to compliant fathers, and the possibility that fathers will shirk payments knowing that these measures will reduce their cumulative support obligations.

Courts could also give greater weight to informal and in-kind contributions. If such contributions were well documented, they could be used to offset arrearages accrued before the establishment of a formal order or to determine a current order. This sort of consideration might also encourage parental co-residence and promote child well-being. A potential problem with retroactive credit is that mothers who did not report these sources of income could face charges of welfare fraud. Another is the difficulty and expense of adjudicating claims of prior off-the-record support.

With this range of policy options and tradeoffs, the challenge for California's policymakers is to develop a child support system that honors the public interest in effective enforcement *and* considers the social realities that shape low-income parents' responses to the current system.

This research brief summarizes a report by Maureen Waller and Robert Plotnick, Child Support and Low-Income Families: Perceptions, Practices, and Policy. The report may be ordered by calling (800) 232-5343 [mainland U.S.] or (415) 291-4415 [Canada, Hawaii, overseas]. A copy of the full text is also available on the Internet (www.ppic.org). The Public Policy Institute of California is a private, nonprofit organization dedicated to independent, nonpartisan research on economic, social, and political issues affecting California.
