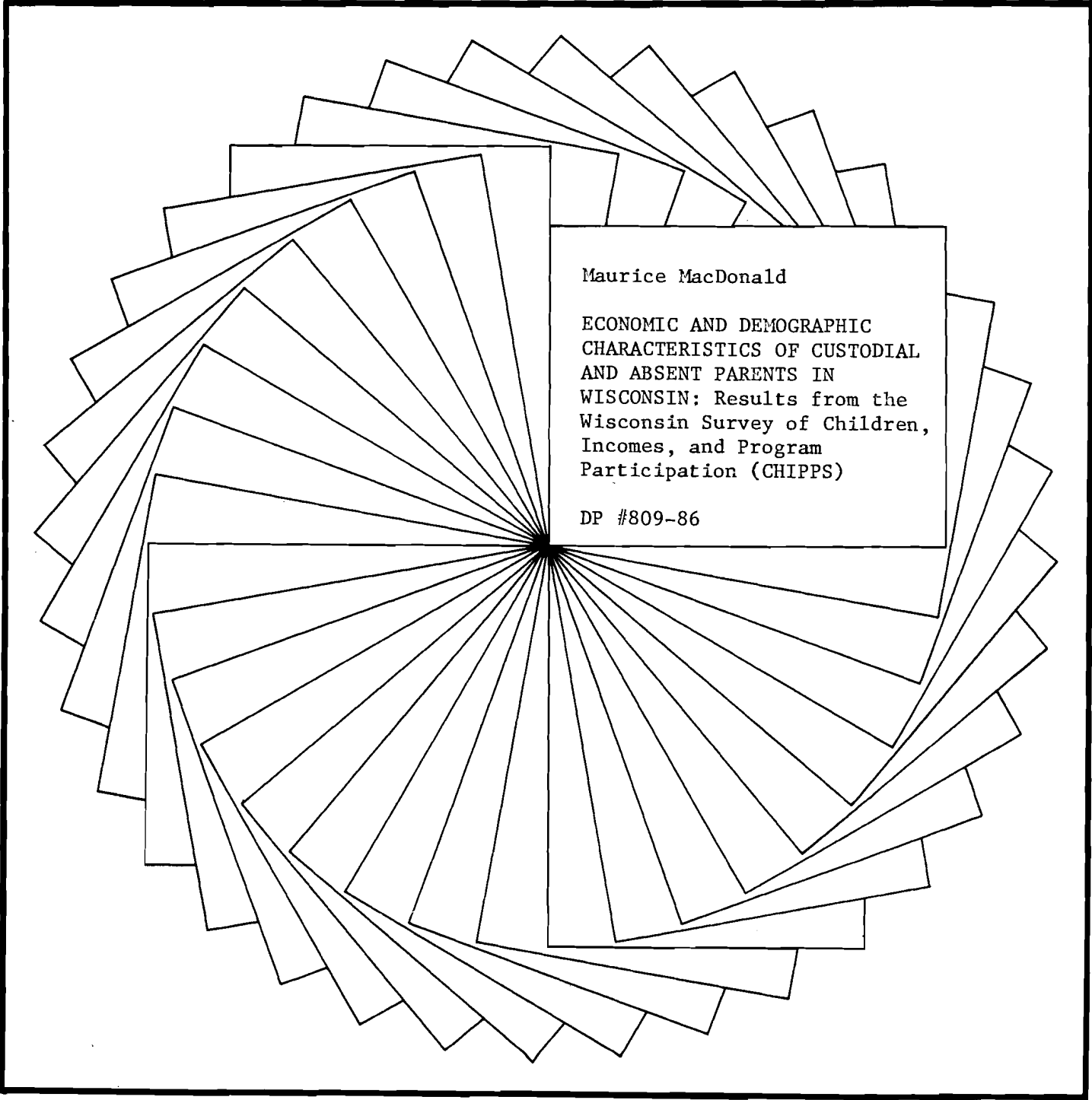


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# IRP Discussion Papers

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Maurice MacDonald

ECONOMIC AND DEMOGRAPHIC  
CHARACTERISTICS OF CUSTODIAL  
AND ABSENT PARENTS IN  
WISCONSIN: Results from the  
Wisconsin Survey of Children,  
Incomes, and Program  
Participation (CHIPPS)

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Economic and Demographic Characteristics of  
Custodial and Absent Parents in Wisconsin:  
Results from the 1985 Wisconsin Survey of Children,  
Incomes, and Program Participation (CHIPPS)

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## Abstract

In 1985 the Institute for Research on Poverty conducted a comprehensive survey of 1,550 Wisconsin households. The survey oversampled custodial and absent parents to obtain information needed to plan and evaluate a demonstration project to reform the system for providing economic support to children with an absent parent.

Analysis indicates that parents receiving child support and not receiving AFDC were almost as economically independent as noncustodial parents. In fact, the non-AFDC custodial parents worked more (but earned less) in 1984 than did absent parents. One in eight non-AFDC custodial parents had received welfare during the years 1981-84, and only 7 percent of their income was from child support or alimony payments. AFDC custodial parents had an extensive history of welfare participation, and 76 percent had incomes below the poverty line. One implication of the differences between AFDC and non-AFDC households for the outcome of the reform demonstration is that non-AFDC households may reduce their work hours if offered a wage subsidy under the minimum-benefit provision of the reform.

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INTRODUCTION

Since 1980 the State of Wisconsin and the Institute for Research on Poverty have been conducting an evaluation and research project to reform the system that sets and enforces the child support liabilities of absent parents (Corbett et al., 1986). This collaboration has produced an evaluation design for the Child Support Assurance Program (CSAP). CSAP requires all absent parents to share their income at a standard rate, based on a percentage of income, that depends almost entirely on the number of children owed support. This obligation is automatically withheld from wages and other income sources, and eligible children are entitled either to that payment or an annual minimum benefit, whichever is higher. Custodial parents receiving the minimum benefit will receive a wage subsidy, but will also make small payments to offset any shortfall between the absent parent's payment and the state-assessed minimum benefit level. A major demonstration of this plan began in 1984 by implementing both the specified income sharing and automatic wage withholding in selected counties. The assured benefit and accompanying custodial payment are scheduled to become effective in July 1987 in at least four counties (Garfinkel, 1986).

Although the CSAP demonstration has become the central effort of the reform study, it has also been supported by other empirical research. This research includes a baseline survey of court records, preliminary cost analyses based on administrative records, and the 1981-82 Wisconsin

Basic Needs Study. To update the cost analysis and obtain more specific data about custodial and absent parents, the Institute for Research on Poverty in 1985 conducted another study, the Survey of Children, Incomes, and Program Participation (CHIPPS). Garfinkel, Robins, and Seltzer (1986) have refined and updated CSAP cost estimates with information from CHIPPS. Analyses of CHIPPS respondents' attitudes toward the reform are in progress (Corbett, 1986).

CHIPPS was designed to produce both a representative sample of all Wisconsin households and to oversample those with custodial and absent parents. It involved random-digit-dialing telephone interviews that were obtained during the summer of 1985. About 1,550 respondents provided data on family demographics, income and other financial characteristics, and employment. The child support variables included amounts of orders and how they were established, payment performance, alimony and property settlements, custody and visitation agreements, perceptions of the proposed reform, and aspects of interpersonal relationships pertaining to child support issues. A screener section was used to select a custodial or absent parent as the main respondent after a household adult provided preliminary information. For households not involved with child support, the adult who first answered continued as the main respondent.

The study reported here used CHIPPS for three main purposes:

1. To determine the socioeconomic characteristics of child support households in detail as a basis for comparison between statewide CHIPPS data and counties participating in the CSAP demonstration.

2. To learn how the economic status of custodial- versus absent-parent households differs. Disparities in economic well-being may influence child support policy choices or otherwise affect decisions about methods for assisting less advantaged households.
3. To obtain background information to guide ongoing research and data collection for the CSAP demonstration.

Although the focus is on custodial- and absent-parent households, we also present findings for other households. Mid-decade economic information for all types of households is useful by itself, in addition to it also providing the context needed to understand the particular situations of child support households. (For instance, referring to employment by intact two-parent households helps to evaluate the labor market behavior of custodial and absent parents.) Table 1 defines the five household types that serve as subsamples for analysis.

AFDC custodial households (AC) contain parents with custody of children whose other parent was absent from the home for any reason other than death, travel, business, military service or having been institutionalized. These households also reported receipt of Aid to Families with Dependent Children during 1984. From CHIPPS, we estimate that about 3 percent of all households were ACs. Obviously their welfare status presents a different set of policy issues than for the other custodial parent households.

Non-AFDC custodial households (NAC) had a custodial parent but did not report receiving AFDC. There were twice as many NAC as AC households (6 percent).

Table 1  
 Percentage of Wisconsin Households by Type  
 and Size of Analysis Samples

Household Type	Percentage <sup>1</sup>	Unweighted Sample Sizes <sup>2</sup>
AFDC Custodial (AC)	3.2%	142
Non-AFDC Custodial (NAC)	5.7	243
Absent Parent (AP)	4.8	225
Other Parent (OP)	32.8	360
Non-Parent (NP)	<u>53.8</u> 100.0%	<u>580</u> 1,550

<sup>1</sup>Estimated from the CHIPPS random cross-section. The percentage of absent parents is substantially underestimated (see text).

<sup>2</sup>Custodial and absent parents were oversampled by screening for additional cases. The oversampling of custodial parents was approximately three times their population incidence.

Absent parent households (AP) contained adults who had children living elsewhere for more than six months in 1984; these children were not away in school or in an institution. This group includes about 50 cases which were found to have both a custodial and an absent parent (MacDonald, 1986, p. 26). Including these 50 increased the AP sample size for analysis.

Unfortunately CHIPPS failed to find a substantial percentage of the absent parents (AP) in the population. On a rough basis there should be about one AP for every custodial-parent household; this would imply 8 to 9 percent APs, whereas CHIPPS identified 5 percent. The AP sample probably overrepresents those who were easier to locate or less evasive about their child support liability. To the extent that CHIPPS includes APs who did not identify themselves, they are misclassified in one of the two subgroups that remain to be discussed. However, that AP contribution to the summary statistics of other groups will be small, because there are many more correctly classified households. Thus it is more important to remember that the AP group probably overrepresents absent parents who are more stable and/or candid about their absent parent status.

Other parent households (OP) are headed by adults living with children under age 19. These adults are mostly married couples, and they represent one-third of all households. Only 3 percent of the OP received AFDC in 1984.

Non-parent households (NP) were in the majority. They range from singles living alone to childless couples and retirees. None of them reported AFDC income.



The second column of Table 1 contains unweighted sample sizes for all of the household types. Because the child support households were over-sampled, these samples do not reflect relative population size. The computations for this study did not require reweighting to produce Wisconsin total population statistics. Instead the objectives were to describe subgroup characteristics and compare them. Procedures for weighting to get population estimates are available from the author by request.

### Approach

Subgroup percentage distributions and means were obtained for a variety of household socioeconomic variables. The approach was to concentrate on differences among the custodial- and absent-parent subsamples. The discussion that follows is intended to suggest ideas for more in-depth analysis. Brief summaries and some thoughts about policy implications are interspersed. The conclusion highlights the major data findings.

### Organization

The analyses are presented in three parts. The next section begins by describing household demographics and employment characteristics. With that background, the following section examines 1981-84 welfare participation, assets and debts, and perceptions of 1981-84 changes in household finances; it ends with the details of 1984 household income sources and amounts. The next section compares income with and without government benefits plus child support payments to the official poverty line. This comparison adjusts for differences in needs across household

types. And the categories of income relative to the poverty line also indicate how the distribution of economic well-being varies. A selective summary of the results concludes the report.

#### HOUSEHOLD DEMOGRAPHIC AND EMPLOYMENT CHARACTERISTICS

Our discussion of these data begins with Tables 2 and 3. Most of the CHIPPS respondents were women, except for the absent-parent group, among which one-fifth of the respondents were women. None of the other types had fewer than two-thirds female respondents.

Half of the AFDC custodial parents (AC) were under age 30; 20 percent were below age 20. Only 20 percent of the non-AFDC custodial parents (NAC) were under 30. This age difference is reflected in the marital status distributions for the two custodial groups. Over 30 percent of those on AFDC had never married, compared to 15 percent among NACs. Similarly, the ACs were less educated: nearly one-quarter had not graduated from high school, whereas somewhat less than 8 percent of NACs were not high school graduates.

The age distribution of the absent parents was surprisingly similar to that for the other-parent group. Undoubtedly this is the result of the selective AP sample. The true absent-parent population is likely to be younger; i.e., more of them would tend to be near the ages of the AFDC custodial parent they impregnated. On the other hand, the absent parents were not as likely to have completed college as the other-parent group.

The following points seem distinctive with respect to household composition:

Table 2  
Demographic Characteristics of CHIPPS Respondents  
and Their Households

	AFDC Custodial Parents (n=142)	Non-AFDC Custodial Parents (n=243)	Absent Parents (n=225)	Other Parents (n=360)	Non- Parents (n=580)
<u>Sex of Respondent</u>					
Male	1.4%	14.4%	81.3%	27.8%	33.7%
Female	98.6	85.6	18.7	72.2	66.3
<u>Age of Respondent</u>					
15-19	1.4	0.4	1.1	1.1	1.2
20-24	19.9	6.6	7.1	7.0	9.3
25-29	29.1	12.4	17.5	18.2	13.0
30-34	19.1	22.4	22.4	22.3	5.7
35-39	14.9	27.0	20.1	19.8	2.6
40-44	8.5	20.8	15.5	15.1	3.5
45-49	5.7	5.4	8.0	8.4	4.5
50 and older	1.4	5.0	8.3	8.1	60.2
<u>Marital Status of Respondent</u>					
Never married	31.7	15.2	11.6	3.6	22.9
Married, apart from spouse <sup>1</sup>	18.3	11.5	2.7	0.0	0.5
Married, with spouse	9.9	24.7	44.4	93.1	54.0
Divorced	40.1	48.6	39.1	0.3	7.1
Widowed	0.0	0.0	0.0	3.0	15.5
<u>Education of Respondent</u>					
Less than high school	24.6	7.8	10.0	6.4	21.7
High school graduate	53.5	50.9	48.9	45.6	37.9
In college	0.7	1.4	0.0	0.0	0.4
1-3 years college	19.7	25.2	26.8	21.9	22.2
College degree	1.5	8.2	7.9	16.1	10.4
Some post-college	0.0	3.7	1.6	4.7	4.1
Finished post-college	0.0	2.8	4.8	5.3	3.3

(Continued)

Table 2 (Continued)

	AFDC Custodial Parents (n=142)	Non-AFDC Custodial Parents (n=243)	Absent Parents (n=225)	Other Parents (n=360)	Non- Parents (n=580)
<u>Number of Adults in Household</u>					
One	66.2%	46.9%	26.7%	26.1%	30.0%
Two	27.5	41.2	55.6	43.9	55.0
Three or more	6.3	11.9	17.8	30.0	15.0
<u>Number of Children in Household</u>					
None	0.0	0.0	59.1	0.0	100.0
One	31.0	43.6	22.7	26.1	0.0
Two	37.3	36.6	10.2	43.9	0.0
Three or more	31.7	19.8	8.0	30.0	0.0
<u>Number of Children Eligible for Child Support</u>					
None	0.0	0.0	76.4	100.0	100.0
One	35.2	52.7	15.1	0.0	0.0
Two	37.3	32.9	6.3	0.0	0.0
Three or more	27.5	14.4	2.2	0.0	0.0

<sup>1</sup>Includes legal separation and other types of separations.

Table 3  
Residential Characteristics

	AFDC Custodial Parents	Non-AFDC Custodial Parents	Absent Parents	Other Parents	Non-Parents
<u>Residence</u>					
Farm	2.8%	7.7%	9.4%	10.5%	10.3%
Large city	38.0	33.6	29.4	16.0	25.9
Suburb of large city	6.3	10.5	6.3	12.8	10.8
Small city, or town	40.1	34.1	37.4	38.5	40.4
Country, not farm	12.8	13.6	16.8	21.9	12.4
Other	0.0	0.0	0.7	0.3	0.0
<u>Housing Type</u>					
Rental house or apartment	77.5	37.2	43.1	14.8	30.9
Own home	21.8	60.0	51.6	83.2	67.2
Other	0.7	2.8	5.3	2.0	1.8
<u>County</u>					
Dane	2.1	6.9	5.3	4.7	10.2
Eau Claire	2.1	2.1	1.8	0.8	3.6
Fond du Lac	1.4	2.8	2.6	3.1	4.4
Jefferson	0.7	0.8	1.3	0.8	3.1
Kenosha	2.8	3.7	2.2	2.5	3.9
LaCrosse	2.8	3.7	2.7	1.6	3.3
Marathon	0.7	0.8	0.8	5.0	4.7
Milwaukee	33.8	18.1	12.8	13.3	34.4
Outagamie	1.4	1.6	2.2	5.8	4.4
Ozaukee	0.0	0.8	2.2	2.5	1.3
Portage	0.0	0.8	0.4	2.7	3.6
Racine	4.2	4.1	4.0	3.6	2.5
Walworth	0.7	1.2	1.8	0.6	4.4
Waukesha	0.7	4.9	2.7	7.5	3.4
Winnebago	2.1	5.3	3.5	3.9	3.3
Others	44.4	41.9	53.3	41.3	41.0

1. Over one half of the NACs, as compared to about one-third of ACs, had more than one adult in the household.
2. NACs had the highest percentage with one child--nearly 44 percent.
3. Over 25 percent of the ACs had three or more support-eligible children.
4. Nearly one-quarter of the absent-parent households had at least one child eligible for support payments.

Table 3 provides residential characteristics of the five groups. Households involved with child support tended more often to live in cities and to be renters. In terms of county of residence, the fact that stands out is that over one-third of ACs live in Milwaukee.

### Employment

Despite the many summary statistics for employment shown in Table 4, the CHIPPS goals for this topic were fairly simple. Respondents were asked to allocate the months of 1984 into three parts: employment, unemployment, and time spent out of the labor force. If they were not employed in 1984, they were asked to provide a main reason. And those who were employed during the 1985 month before the interview were also questioned about their wage rate per hour or monthly salary. If the respondent had a spouse or other marital partner present, she or he was also asked to answer about that person's employment behavior.

Table 4 summarizes an analysis of the respondent's employment. Because the nonparents include so many retired persons, it simplifies to focus on the other four household types. (Sixty percent of NPs were not

Table 4

## Respondent's 1984 Employment and 1985 Wage Rate or Salary

	AFDC Custodial Parents (n=142)	Non-AFDC Custodial Parents (n=243)	Absent Parents (n=225)	Other Parents (n=360)	Non-Parents (n=580)
<u>Respondent's 1984</u>					
<u>Employment</u>					
Percentage ever unemployed	35.9%	26.9%	33.6%	10.0%	2.4%
Average weeks unemployed	10.7	2.7	4.3	1.8	8.7
Percentage ever employed	38.7	91.0	87.0	76.6	59.6
Average weeks employed	13.2	36.8	33.7	32.9	32.4
Percentage ever out of labor force	66.2	33.1	42.2	46.4	54.1
Average weeks out	27.0	6.4	5.0	15.8	43.5
<u>Percentage Never Employed</u> <u>in 1984</u>	58.5	8.6	9.3	23.4	59.8
Reason:					
Taking care of home	50.6	61.8	47.6	82.9	10.8
Going to school	7.3	14.3	4.8	2.5	1.8
Retired	0.0	0.0	0.0	4.9	72.2
Did not want work	1.3	4.8	4.8	1.3	5.3
Could not find work	25.4	14.3	19.0	4.9	2.1
Laid off	0.0	0.0	0.0	0.0	0.4
Ill, injured, or disabled	10.8	0.0	23.8	0.0	5.3
Other	3.6	4.8	0.0	2.5	2.1
<u>Percentage of Respondents</u> <u>Employed "Last Month"</u>	24.6	61.3	52.0	32.7	41.6
If employed:					
Average wage rate for wage earners	\$4.74	\$6.92	\$8.82	\$7.43	\$7.11
Average monthly salary for salaried	\$162	\$1734	\$2042	\$1845	\$1622

employed in 1984, and nearly three-quarters said the reason was retirement.)

Consistent with its welfare-recipient status, the AFDC group had the lowest percentage ever employed (39 percent) and the highest percentage ever out of the labor force (66 percent). Considering only those who were ever employed, the AFDC respondents averaged less than half as many weeks working (13.2) as any other group (e.g., the NAC employed averaged 36.8 weeks). Similarly, the AFDC group tended to spend the most time out of the labor force. For example, the other-parent group spent nearly 16 weeks out, while for AFDC the average figure was 27 weeks. Furthermore, 60 percent of the AFDC respondents had never worked in 1984. Over half of them explained that this was necessary to take care of their home or family--not surprising, for a group dominated by young single parents. Their low education undoubtedly caused another one-quarter to say they could not find work in 1984.

The next two columns of Table 4 initially reveal similarities between the non-AFDC custodial group and absent parents. Roughly 30 percent of both types had been unemployed; 90 percent were employed for an average of 35 weeks; and 35 to 40 percent had been out of the labor force for five to six weeks. However a closer look reveals more 1984 employment among the non-AFDC custodial parents than in the absent-parent group. The NACs were unemployed less, employed more, and out of the labor force less. (But the NACs did remain out on average a week longer.) These differences are demographically remarkable in that the absent-parent respondents even though less regularly employed, had more adults and fewer children in their households.



The other-parent respondents were distinct from their AP and NAC counterparts in that they had a much lower percentage ever unemployed (10 percent) but a somewhat higher percentage out of the labor force. Evidently these parents were able to find work more readily when they wanted. At least this seems consistent with the fact that OPs held more college degrees than either the AP or NAC groups.

Returning to the reasons why some respondents were not employed in 1984, we note that the OPs also had the highest percentage taking care of home or family (83 percent). Twenty-three percent of other-parent respondents were not employed in 1984, versus 9 percent for both the AP and NAC.

To a great extent these 1984 employment patterns are reflected in the 1985 wage rates and monthly salaries reported by those who had been employed during the month prior to CHIPPS. The younger, less skilled AFDC respondents had an average hourly wage rate of \$4.74, and those who were salaried only averaged \$162 per month. At the high end, the absent parents averaged nearly twice that in hourly wages (\$8.82), and also reported the highest monthly salaries (\$2,042) of all the groups. The other-parent group and non-AFDC custodial parents earned, respectively, \$7.43 and \$6.92 per hour or were salaried at \$1,845 and \$1,734 per month.

In summary, it is worth emphasizing that the custodial parents without AFDC actually worked more during 1984, despite greater child care responsibilities, than the sample of absent parents. The NACs had fewer adults present and more children. And this occurred despite their lower wage rates (\$6.92 versus \$8.82 per hour for the absent parents).

## WELFARE PARTICIPATION AND HOUSEHOLD FINANCIAL STATUS

The information in Table 5 was obtained to examine the respondents' reports of participation since 1981 in food stamps, AFDC, Supplemental Security Income (SSI), and Low Income Energy Assistance (LIEA). CHIPPS asked about participation in each of these four programs as well as about the number of years help was received and which program had provided the most support.

As expected, AFDC custodial parents were those most likely to have received benefits from programs other than AFDC, and they also had been participating for a longer period. Most ACs reported using food stamps and energy assistance, and over half had participated in one of the four programs during all four years of 1981-84.

Only one-eighth of the NACs had received AFDC during at least one of those four years. Somewhat higher percentages of the NACs had received food stamps (16 percent) or energy assistance (21 percent). And over half of the NACs reported receipt of aid in only one of the four years.

AP households were much less likely to receive any of the four types of assistance than AC households. Still, AP welfare experience was more extensive than that for the NAC group, except for energy assistance. Nearly a quarter of the APs were recipients in each of the four years, as compared to only 10 percent among the NACs.

As would be expected, the OP and NP households were less likely to be recipients. Their highest four-year participation rate was for energy assistance; 7 percent received that type of aid.

Finally the bottom panel of Table 5 shows that energy assistance provided the most help for households without custodial parents. Both

Table 5  
Welfare Participation since 1981

	AFDC Custodial Parents (n=142)	Non-AFDC Custodial Parents (n=219)	Absent Parents (n=187)	Other Parents (n=354)	Non-Parents (n=568)
<u>Received Since 1981</u>					
Food stamps					
Yes	91.5%	15.9%	19.3%	5.6%	2.4%
No	8.5	84.1	80.7	94.4	97.6
AFDC					
Yes	100.0	12.7	17.1	4.5	0.2
No	0.0	87.3	82.9	95.5	97.8
SSI					
Yes	2.8	0.2	0.2	0.2	1.9
No	97.2	99.8	99.8	99.8	98.1
LIEA					
Yes	75.4	21.0	14.8	7.3	7.6
No	24.6	79.0	85.2	92.7	92.4
<u>Recipients Only: Number of Years Received Help</u>					
One	14.9	54.2	46.8	33.3	42.9
Two	19.1	23.7	21.3	39.4	24.5
Three	13.5	11.9	8.5	6.1	16.3
Four	52.5	10.2	23.4	21.2	16.3
<u>Recipients Only: Program Received Most Help From?</u>					
Food stamps	3.9	32.1	18.8	5.5	23.5
AFDC	88.3	46.4	15.6	33.3	0.0
SSI	1.5	4.0	9.3	5.5	41.1
LIEA	6.3	28.5	56.3	55.7	35.4

the AC and NAC recipients groups reported that AFDC had provided the most support since 1981.

The most suggestive finding for child support policy is that only about one in eight of the non-AFDC custodial parents had been on AFDC during the last four years. To the extent that current child support collection services are for AFDC households, there may be a need to expand collection help for non-AFDC households because so few of these reported receiving AFDC at some time during earlier years. Bumpass (1984) found that the average duration of time that children who experience divorce spend in one-parent households is about five years. Without ongoing child support collection for all types of custodial parents, some children will not receive support during the period when they probably need the most help.

#### Assets and Debts

Among households involved with child support, those with an absent parent reported the highest average dollar value of assets, and those with an AFDC custodial parent reported the lowest value. Table 6 shows that the 71 percent of AP households with any assets averaged a total worth of over \$15,000. Non-AFDC custodial parents with assets (75 percent) had nearly \$13,000 on average, while the average AFDC custodial parent with assets had less than \$400 (although the latter group were much more likely to have any assets at all).

With respect to debts (other than home mortgages, about which CHIPPS did not obtain information), the numbers in Table 6 must be interpreted with some skepticism because so few respondents were able to provide

Table 6  
Average Amounts of Assets and Debts

Assets	AFDC Custodial Parents (n=142)	Non-AFDC Custodial Parents (n=243)	Absent Parents (n=225)	Other Parents (n=360)	Non-Parents (n=580)
Percentage with any assets	96.5%	74.9%	71.1%	68.3%	61.3%
<u>Averages, for Those with Any:</u>					
End of month checking balance	\$6	\$185	\$196	\$292	\$604
Savings <sup>1</sup>	69	2,731	2,739	5,102	10,004
Stocks, bonds, or mutual funds	74	1,811	6,354	2,441	11,287
Other investments	195	8,053	5,839	20,693	10,456
Total	\$345	\$12,782	\$15,129	\$28,529	\$32,353
<u>Debts (Other than Mortgages or Business)</u>					
	AFDC Custodial Parents (n=2)	Non-AFDC Custodial Parents (n=22)	Absent Parents (n=28)	Other Parents (n=42)	Non-Parents (n=35)
<u>Amount Owed For:</u>					
Revolving credit balance	\$220	\$699	\$,1594	\$665	\$869
Vehicle loans	0	1,044	3,155	1,498	2,181
Appliances/furniture	0	95	753	143	115
Educational loans	0	440	490	442	1,066
Other personal loans <sup>2</sup>	1,500	1,727	3,247	2,695	4,604
Past due bills <sup>3</sup>	762	1,011	1,058	165	200
Total	\$2,482	\$4,978	\$10,299	\$5,611	\$9,036

<sup>1</sup>Savings: passbook accounts, bonds, money market shares, and certificates of deposit.

<sup>2</sup>Does not include farm, business or home mortgage debt.

<sup>3</sup>Past due bills for housing expenses, taxes, medical and dental, and utilities.

estimates. Still, the general patterns seem plausible. Absent parents have substantially higher vehicle loan balances as well as the greatest amount of revolving charge card debt. However, these results could also reflect the fact that the greater proportion of male respondents for the AP households simply resulted in more complete reports for them (presuming that men happen to be more knowledgeable about household debt).

#### Comparisons to 1981

Another way to assess household economic status over a longer period is to ask for comparisons between current and previous household financial situations. CHIPPS asked about this with reference to four years ago; these results are shown in Table 7. If the respondents said they were currently better off than they were four years previously, a follow-up question asked them "how much" better off they were.

On these dimensions, the absent parents provided reports that were quite similar to those for other parents not involved with child support. Substantially more than 40 percent of both the AP and OP households reported they were better off in 1985 than in 1981. Also about 40 percent of those "better off" households said they were "much better off." By contrast, only about a third of both AFDC and non-AFDC custodial-parent households said they were better off.

AFDC custodial parents represented the largest percentage reporting that their finances had worsened, at 48 percent. Less than 30 percent of the OP and NP group reported worse finances than four years before, as compared to 40 percent among NAC and AP respondents.

Table 7  
Household Finances Compared to 1981

	AFDC Custodial Parents (n=138)	Non-AFDC Custodial Parents (n=217)	Absent Parents (n=187)	Other Parents (n=354)	Non-Parents (n=560)
<u>Household Financial</u>					
<u>Situation Compared</u>					
<u>to Four Years Ago</u>					
Better	31.1%	35.4%	44.9%	47.5%	36.8%
Same	19.6	20.3	16.6	24.3	33.9
Worse	48.6	41.5	38.5	26.6	27.7
Depends	0.7	1.8	0.0	1.6	1.6
<u>If "Better,"</u>					
<u>How Much?</u>					
	(n=42)	(n=77)	(n=84)	(n=168)	(n=205)
"Much better"	40.4%	50.6%	47.6%	42.9%	42.7%
"A little better"	59.6	49.4	52.4	51.2	55.3
"Depends"	0.0	0.0	0.0	6.0	2.0

1984 Household Incomes

Table 8 disaggregates income into 14 types, displaying amounts received on an average basis during 1984. The income types are also grouped by proportions representing (1) market-generated own income, (2) combined child support and alimony (which is nearly all child support), and (3) government transfer benefits. These proportions are shown in the bottom panel.

Our discussion begins with the column for AFDC custodial parents. On average these parents received just over 60 percent of their total income of \$8,870 from the government; the largest part was from AFDC (\$4,047). Food stamps (\$757), energy assistance (\$195), unemployment compensation (\$106) and aid for schooling and training (\$168) were also important government transfer sources. Still, only AFDC benefits were a larger source of income than their own earnings (\$2,326)--in fact, interestingly enough, all types of own income contributed one-third of the average AFDC household's income. This last finding contrasts starkly with the 4 percent of total income obtained by AFDC recipients from child support or alimony payments during 1984. These support payments averaged only \$358.

For non-AFDC custodial parents, child support payments averaged \$1,350, 7 percent of their average total income (\$19,341). Because many NACs have only one adult (47 percent) in the household, it is all the more remarkable that only 2 percent of their total income came from government transfers. This is lower than the proportion of government transfer income--3 percent--received by absent parent in the CHIPPS sample.



Table 8  
Average 1984 Incomes, by Type

	AFDC Custodial Parents (n=142)	Non-AFDC Custodial Parents (n=243)	Absent Parents (n=225)	Other Parents (n=360)	Non-Parents (n=580)
<u>Own Income</u>					
Earnings	\$2,326	\$14,444	\$19,266	\$24,176	\$13,150
Self-employment	524	1,779	1,421	4,697	2,462
Asset income	10	345	689	683	1,303
Other <sup>1</sup>	286	1,023	1,254	1,057	1,669
<u>Child Support and Alimony</u>	358	1,350	206	0	0
<u>Government Transfers</u>					
AFDC	4,047	2	299	0	0
Food stamps	757	29	52	6	8
General relief	0	0	10	0	1
Energy assistance	195	39	26	10	13
SSI	35	36	41	1	29
Social security	38	26	97	119	710
Unemployment compensation	106	148	174	170	135
Workers' compensation	20	47	143	50	51
Aid for schooling/training	168	73	48	103	71
<u>TOTAL INCOME</u>	8,870	19,341	23,726	31,072	19,602
Average % from own income	35.5%	91.0%	96.2%	98.5%	94.8%
Average % from government transfers	60.5	2.0	2.9	1.5	5.2
Average % from child support or alimony	4.0	7.0	0.9	0.0	0.0

<sup>1</sup>Includes military benefits, lump-sum payments, income from roomers or boarders, and a few other miscellaneous sources.

Earnings (\$14,444) were the major source of own income of NACs, followed distantly by self-employment (\$1,779) and miscellaneous other own income types (\$1,023). NACs averaged only \$345 in income from assets, which was about half of that found for the absent- and other-parent groups.

Compared to non-AFDC custodial households, our absent-parent sample had almost \$5,000 more in earnings, at \$19,266. APs did have less average self-employment income, however. Altogether, own income accounted for 96 percent of total AP income, as compared to 91 percent for the NAC households.

The average 1984 income for the other-parent group was \$31,072. Less than 2 percent of that OP income came from government transfers (and mostly from sources other than welfare).

On the whole, the self-reliance of the non-AFDC custodial parents is particularly striking. Only 7 percent of their income came from child support or alimony, and they received a lower percentage from government benefits than the absent-parent sample.

The reasons that the AFDC custodial parents were so dependent on the government were shown in Table 2. ACs are younger, less educated, and more often never married, and infrequently live with other adults. Clearly their \$358 average child support income does little to offset these labor market disadvantages.

#### COMPARING INCOMES TO NEEDS

This section's first aim is to compare CHIPPS households' own, or pretransfer, incomes--without government benefits or child support and alimony--to their essential income needs. Income needs were measured by

the official poverty threshold for each household's size. (In 1984 the poverty line for a three-person household was \$8,277. See Appendix Table A.1 for the other income thresholds by household size.) The comparisons between own income and the poverty line are intended to reveal how well off each household type would be in the absence of government or support payments. Hence Table 9 first distributes households into eight brackets of pretransfer income relative to the poverty line. Those with poverty/income ratios below 1.00 were poor on a pretransfer basis. And the percentage breakdowns within the brackets display the entire distribution of own income to needs.

Second, government benefits plus child support and alimony were added to pretransfer income to analyze how these transfers change the income/poverty distribution. Income from child support and alimony was not analyzed separately because it was such a small proportion of the total for all household types. The right-hand column for each household type displays the distribution of posttransfer income in relation to the poverty line.

Comparing the percentages for pretransfer versus total income indicates the distributional impact of government and support payments. Of course the largest effects were expected to be shown among AFDC households, because they are most dependent on income from sources other than their own employment or assets. (Table 8 showed that only 36 percent of total AFDC household income was their own; whereas over 90 percent of the total for all the other households was their own income.)



### AFDC Custodial Parents

Seventy-eight percent of AFDC custodial parents were poor on a pretransfer basis in 1984. After adding transfers, 76 percent still remained below the poverty line. However, the table also reveals a major shift in the percentages below one-half of the poverty line. Before receipt of transfers, 47 percent were below one-half of the poverty threshold; afterward only 17 percent were so poor. Furthermore, 40 percent of all AFDC households had total incomes between 75 and 100 percent of the poverty threshold.

The 25 percent of AFDC parents who were not poor in 1984 includes about 10 percent with total incomes more than 1.5 times the poverty line. This fact can be attributed to the fact that these households received AFDC for only a few months during 1984, i.e., their incomes improved greatly during the year.

### Non-AFDC Custodial Parents

With respect to poverty counts, the situation for non-AFDC custodial parents is the reverse of that for AFDC recipients. Twenty-five percent of NAC households were pretransfer poor; 21 percent were poor on a posttransfer basis. Given that most of their transfers were from child support and alimony, those support payments were responsible for this marginal improvement in poverty status. On the other hand, the fact that 20 percent remained poor clearly demonstrates the case for either improving child support collection or helping them achieve higher wages.

The main goal of the child support reform is to collect more income for custodial parents from the absent parents. Thus it is appropriate

that we finish by examining the absent parents' income/needs distribution.

### Absent Parents

The effect of transfer income among the CHIPPS sample of absent parents is concentrated at the low and high ends of their income/needs distribution. Without government aid and their relatively minor support payments, nearly 20 percent of the absent parents would have been below one-quarter of the poverty line. Only 5 percent remained that poor after counting all their income. At the high end, the percentage above twice the poverty line rose from 62 to 72 percent.

Similarly, a perspective on the most- and least-well-off absent parents can be gained by contrasting these extremes with the custodial-parent results. Fewer absent parents (16 percent) were poor with respect to total income, and a much higher percentage had incomes above twice the poverty line (72 percent versus 48 percent for the non-AFDC custodial parents).

This perspective on either extreme is also informative concerning absent parents' ability to pay child support. The fact that 16 percent are in poverty is in conflict with the reform goal of collecting more child support. Yet by that same standard, 5 out of 6 absent parents could afford to pay more. More important, the finding that over 70 percent had incomes more than twice the poverty line suggests that much more child support can be collected without creating severe economic hardship for absent-parent households.

## CONCLUSION

This section presents a brief summary of the major findings concerning households involved with child support. The final remarks concern some of the questions raised in regard to the CSAP reform.

### AFDC Custodial Parents

CHIPPS shows that many of these households fit the stereotype of dependent welfare mothers. They are more often never married, and they live with other adults less often than do non-AFDC custodials. They also have relatively low educational levels and tend to reside in cities, especially Milwaukee. A high percentage of their total income comes from government assistance and they have an extensive history of welfare participation. When asked about their current finances as compared to four years ago, nearly one-half said their situation had worsened. Their plight is confounded by a lack of child support or alimony payments. Nevertheless, earnings accounted for over one-quarter of their total income in 1984.

Government benefits and child support removed only a small percentage of AFDC households from poverty; 76 percent remained poor after adding the transfers to their own incomes. The impact of the transfers was, therefore, to reduce what would otherwise have been extreme poverty. Forty-seven percent would have been below half the poverty line without transfers. With transfers, only 17 percent were so poor.

### Non-AFDC Custodial Parents

Economic self-reliance best describes custodial parents who were not on AFDC in 1984. These households received only 2 percent of their

income from the government and 7 percent from child support or alimony payments. Furthermore, only one out of eight non-AFDC custodial parents had received welfare during the period 1981-84. Their demographic characteristics were also much more favorable: only 20 percent were under age 30, one quarter were currently married, and one half had more than one adult present.

Although, on the whole, non-AFDC custodial parents are quite independent, the extent of individual exceptions was not trivial. After transfers were counted, 20 percent still had incomes below the poverty line.

### Absent Parents

Absent-parent households generated more income on their own than did the non-AFDC custodial parents during 1984, even though they were actually employed less. Absent parents were also less constrained by child care responsibilities: 60 percent had no children, and they were much more likely to be married. Furthermore, the absent parents evaluated their financial situation as compared to four years ago much more favorably, as did the other-parent group, in contrast with custodial parents.

Taking into account all income sources, fewer absent parents were poor than non-AFDC custodial parents (16 percent compared to 20 percent). Over 70 percent of absent parents had total incomes exceeding twice the poverty line. Less than half of the non-AFDC custodial parents had incomes that high.



Speculations for the CSAP Reform

It is surprising to find that the two types of custodial parents are so different from each other. And it is also revealing to learn that non-AFDC custodial parents are almost as economically self-reliant as the absent parents.

The proposed reform would include all custodial parents in one system, providing benefits and requiring administrative services for both the AFDC and non-AFDC groups. The value of this single system seems apparent for establishing and collecting child support obligations, as does the income security both would get from the assured minimum benefit. However, the need for a wage subsidy seems questionable if its purpose is to encourage employment among the non-AFDC custodial parents as well as AFDC custodial parents. The commitment of the non-AFDC group to employment is already very substantial. On the other hand, a wage subsidy intended to reduce work hours among employed custodial parents not on AFDC could also be justified as a method to free up time needed to meet their child care needs better. Obviously questions of this type can be answered better in the context of the data from the CSAP demonstration. The purpose of these remarks is simply to suggest that the sharp differences between the AFDC and non-AFDC custodial parents lead to questions about the need to treat both groups identically.

## APPENDIX ON POVERTY LINES

Table A-1

## Income Poverty Threshold in 1984

Household Size	Threshold
One person	\$ 5,278
Two persons	6,762
Three persons	8,277
Four persons	10,609
Five persons	12,566
Six persons	14,207
Seven persons	16,096
Eight persons	17,961
Nine persons or more	21,247

Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, no. 149, Money Income and Poverty Status of Families and Persons in the United States: 1984 (Washington, D.C.: GPO, 1985).

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