

Chapter 1

Child Support Disregard Policies and Program Outcomes: An Analysis of Data from the OCSE

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From its inception in 1974, a key function of the federal-state child support enforcement program, termed the IV-D program,² has been to increase child support payments so as to decrease welfare use. Declines in welfare receipt would reduce government welfare costs, particularly those of the Aid to Families with Dependent Children (AFDC) program, the main cash assistance program for single parents. Throughout the IV-D program's twenty-five-year history, gaining the cooperation of welfare applicants and recipients has challenged federal and state officials. Over the years, attempts to increase cooperation have included both "sticks" and "carrots": most practices sought to impose sanctions on those not deemed cooperative, usually in the form of denial of AFDC benefits, but a few provided inducements for cooperation with efforts to secure financial assistance from the fathers of welfare-dependent children.

The most widespread and well-known inducement for cooperation has been the child support "disregard," whereby all or a portion of a child support payment is disregarded for the purpose of determining eligibility for, or setting the level of, an AFDC payment in any given month. (Cash assistance under AFDC later became known as TANF, Temporary Assistance for Needy Families.) The remaining amount in excess of the disregarded portion of any given month's child support collection is retained by state and federal governments to offset the costs associated with the cash benefits that have been provided.³ Because a portion of child support collected by the IV-D agency is disregarded by the welfare (IV-A) agency, the effect of this policy is to increase a recipient's income during periods in which child support is collected. This potential increase in income is believed by many to encourage cooperation with the IV-D agency's paternity determination and child support enforcement efforts. Thus, states with more generous disregard policies may see greater cooperation, which could lead to increases in paternities established and child support collections. Similarly, within a state, variations in disregard practices over different time periods may have produced variations in outcomes for the state's IV-D program, all else being equal. During periods when a state had relatively high disregards, for instance, cooperation with paternity determination and enforcement efforts might have been greater, and outcomes better, than during times when there were no disregards applied to child support collections.

Despite the near-continuous representation of a variety of disregard policies in the history of state welfare programs, little empirical examination has been given to the effects of these policies on IV-D

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²The Child Support Enforcement and Paternity Establishment program resulted from 1974 congressional legislation that included a part "D" to amendments to title IV of the Social Security Act, creating the federal Office of Child Support Enforcement and authorizing federal funds to be used for state child support enforcement efforts.

³Amounts of child support collected in excess of the disregard are divided between the state and the federal government in proportion to the share of costs borne by each in providing assistance to the family through the AFDC/TANF and Medicaid programs.

program performance. The state of Wisconsin is currently conducting an experimental evaluation of the effects of a particular type of disregard policy that is unlike those used by any other state previously. This study complements that evaluation by exploring the effects of various levels of disregards on IV-D paternity establishment and child support collections across all states, over a fifteen-year period. We begin the description of our study with background on the policy environment, followed by a review of some previous, related research in Sections I and II. Data and methods are presented in Section III, results in Section IV. We close in Section V with a discussion of the policy implications of this research.

I. Policy Background

Child support disregards have enjoyed nearly continuous representation in federal policy since the beginning of the IV-D program in 1974. Throughout, three core rationales supporting disregards have been advanced, endorsed by many members of Congress and state officials:

- Welfare recipients (increasingly unmarried women) would be more inclined to cooperate with publicly supported efforts to identify and pursue support from the fathers of their children if there were some economic incentive for them to do so.
- The fathers of children in public assistance households would be more inclined to pay child support if there were actually an economic advantage to their children in so doing.
- Disregards are seen as the right thing to do. That is, all children have a *right* to benefit from their nonresident parents' contributions, irrespective of welfare status, and nonresident parents have a right to see that the economic well-being of their children is actually enhanced as a consequence of their support payments.

Compelled largely by the intrinsic intuitive logic of these arguments, but in the absence of any empirical evidence to support it, federal regulations in 1976 required all states to disregard up to \$50 of every month's child support collection in determining the amount of that month's AFDC grant.⁴ Federal legislation in 1984 clarified policies and accounting practices related to the application of the \$50 disregard in each state. This feature of the interface between the welfare and child support programs continued until the welfare reform legislation of 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which replaced AFDC with the Temporary Assistance for Needy Families (TANF) block grants and allowed states to establish their own policies regarding child support disregards. Thus, in all states, from the beginning of the federal child support enforcement program up to 1996, all resident-parent AFDC families for whom child support was collected had higher net income than they would otherwise have had. As a consequence of the federal mandate that each state disregard \$50 of each month's child support collection, an AFDC filing unit could expect up to that amount to be either passed through to them as a separate check from the IV-D agency or added to the maximum amount of AFDC to which they were otherwise entitled. Similarly, a nonresident parent who made child

⁴The \$50 disregard was incorporated in federal regulations beginning in October 1976 (42 USCA s.657). However, implementation across the states was gradual, as each state's IV-D program was developed and accounting practices were coordinated with those of the IV-A (AFDC) program, which was responsible for administering the disregard. The \$50 disregard replaced an even more limited disregard: the original federal legislation establishing the IV-D program required that state AFDC programs allow for a one-time-only disregard with a ceiling set at one-half of the first \$40 collected for any child in an AFDC family unit.

support payments saw the cash available to his⁵ child's family unit increase by an amount up to the level of the disregard. While the explicit cap at \$50 per month may have limited its power to induce cooperation with paternity and enforcement requirements, the disregard still provided a potential positive incentive for *both* parents to cooperate with paternity determination and child support collection efforts.

Disregard policies have changed over time and have varied from state to state. When states were encouraged to seek federal waivers to experiment with alternative welfare policies in the early 1990s, several states included disregards in their requests for waivers of existing IV-A requirements (Horvath and Peters, 1999). While most of these waiver requests involved approval to eliminate the mandated \$50 disregard, a few involved demonstration projects that were to increase the size of state disregards as they were applied to child support collections. However, many of the requests to eliminate \$50 disregards never took effect in the states that had requested them under federal waivers, having been made moot by federal action in 1996 that rescinded the disregard requirement. Following the 1996 legislation, states could and did choose to increase, decrease, or even abolish child support disregards altogether, in part reflecting a range of untested beliefs regarding the contribution of disregards to the overall effectiveness and efficiency of child support enforcement programs. Approximately two-thirds of the states chose to drop the fixed \$50 disregard, while the remainder retained a disregard. Of those that retained fixed disregard practices, all but two kept the ceiling at \$50: one state decreased it to \$40 and one increased it to \$75.

In addition to the historic policies regarding fixed child support disregards, some states have had histories of welfare practices that have included *variable* disregard policies, referred to as "fill-the-gap" budgeting. Since inception of the IV-D program, up to eight states have had IV-A policies in place that allowed them to disregard child support collections in excess of the \$50 per month fixed disregard. These states were covered under federal laws that applied to selected states whose welfare benefits did not reach their official Needs Standards as established by each state's legislature. In addition to the \$50 fixed disregard, these states disregarded all additional child support collected, up to the difference between the maximum grant for which a family was eligible and the Needs Standard that applied to any given family unit. A recipient in these states who received any unearned income, including child support, would realize an increase in total income up to the point where the unearned income, plus the welfare grant, plus the \$50 fixed disregard reached the level of the Needs Standard.⁶ Five of the eight states that have had effective fill-the-gap practices since 1974 have continued them up to 1998, the last year included in our study.⁷ It is important to note, however, that having "fill-the-gap" policies in place in a state does not necessarily imply that the state has an effective "gap" to be filled. The gap only exists in those states with the appropriate policies in place and in those years when the AFDC/TANF benefit schedules called for

⁵The gender pronouns used in this paper are chosen to reflect the more common experience in which resident parents, especially those that head public assistance households, are the mothers of the children in these households and the nonresident parents are the fathers.

⁶One of the earliest published references (Krause, 1983) to these variable-disregard practices included a recommendation that all states that failed to pay AFDC benefits equal to the state Needs Standard adopt the practice of disregarding all of the child support collected for families up to their specific Needs Standards. Krause argued for fill-the-gap practices on grounds of economic equity for children and fairer treatment of the men who were paying support for their children. Such practices may also be viewed as being responsive to the economic conditions in a particular state, since the disregard increases when the size of welfare payments fails to keep pace with official calculations of what income is required to meet the most basic of economic needs.

⁷Tennessee, Georgia, Maine, Virginia, and South Carolina have retained their fill-the-gap policies since the beginning of the IV-D Program. Wyoming and Mississippi have recently discontinued their variable-disregard practices.

welfare payments that were less than the states' official Needs Standards.⁸ Among the five states that had effective variable disregard practices at the time that PRWORA was enacted in 1996, only one state, Maine, continued both its fixed (\$50) and variable disregards. The remaining four states with effective fill-the-gap practices abolished their fixed \$50 disregards when given the option of doing so, reducing the potential net benefit resulting from a child support collection by \$50 per month for a family that receives TANF benefits.⁹

Policies related to both "pass-through" and "disregard" practices can be confusing, as well as carry different theoretical underpinnings. Unfortunately, state IV-D agency practices of *passing through*, as a separate check, the amount that federal law required that the state IV-A agencies *disregard* when establishing a recipient's monthly grant amount has led to some confusion between the two concepts. The original "pass-through" language may have had its roots in the early practices of county-run child support collection agencies that served county domestic relations courts. These agencies "passed along" or "passed through" the original instruments—checks and money orders—to all child support recipients, irrespective of welfare status, often reporting to state IV-A agencies the amount of these collections for AFDC budgeting purposes. When some states began adding the *disregard* amount to recipients' AFDC checks, they continued to call it a "pass-through" or "pass-along," even though it was no longer a separate instrument representing a father's full payment that was passed directly to the welfare recipient. Some states, however, continued to "pass through" all or a portion of the child support collection, as federal child support law evolved, substituting state checks for fathers' checks and money orders, deposited in the state treasuries. These states maintained a clearer distinction between their IV-D program "pass-through" practices and the IV-A program "disregard" practices, which related directly to AFDC budgeting policy. The amount of the "pass-through" that was disregarded was accounted for in monthly welfare calculations. In the context of this report, to avoid confusion, we will use the two terms to refer to two distinct and different practices. It is helpful to remember, however, that *pass-through* policies are more apt to pertain to IV-D agency practice related to how fathers' checks are handled, whereas *disregard* policies are applied by IV-A agencies in connection with AFDC/TANF budgeting practices.

The distinction between pass-through and disregard practices would amount to no more than a semantic one were it not for the possibility that the two administrative practices may produce very different behavioral responses in individuals: Economic theory suggests that child support that is disregarded, thereby increasing the amount of income received from the IV-A agency above that which would otherwise have been received, will serve to encourage cooperative behaviors; pass-throughs alone, however, do nothing to increase income, thereby offering no *economic* incentive for welfare recipients to cooperate.

It may be the case, however, that the practice of "passing through" some portion of the child support collection to the welfare recipient as a separate check will have its own effects, independent of the economic incentives of disregards: Pass-through practices may serve as a reminder that child support is being paid by fathers, a fact that may be lost when a single check is issued to welfare recipients. If this is the case, it would follow that welfare recipients may gain confidence in the regularity and reliability of child support payments through the mechanism of pass-throughs which could, in turn, contribute to their

⁸Virginia, for example, maintains its "fill-the-gap" policies, but in 1998 maximum TANF benefits reached the levels of the state's Needs Standard, leaving it with no *effective* variable disregard that year. Similarly, Delaware, a "fill-the-gap" state in the early years of the IV-D Program, has paid 100 percent of its Needs Standard since 1977 and has thus has no effective "gap" to be filled by unearned income, including child support collections.

⁹Delaware also retained the \$50 disregard.

motivation to support themselves, independent of welfare. Pass-throughs, when combined with disregards, could serve to reinforce the economic incentive effects of disregards by making it easier for welfare recipients to recognize that a portion of their child support collection is being disregarded.¹⁰

Now that states have more options for setting pass-through and disregard policies without federal waivers, the variation in state practices is somewhat greater than before 1996. While state IV-D programs such as Texas have passed through the entire child support collection for nearly two decades (though disregarding only \$50 until recently, when it dropped the formerly mandated disregard), Wisconsin has become the first state to disregard the entire child support collection each month. No other state has adopted a full disregard. We illustrate the state policy options in Table 1.

The rows demonstrate the policy options available to a state. The columns show the amount of the TANF payment, the amount of child support received by the family as a separate check, and the total income of the family under each policy option. For illustration, we consider a case in which the TANF maximum grant is \$350 per month, \$150 of child support is collected by the IV-D agency, and the family has no other income.

Row One. In the first row, in a state that has a disregard of \$50 but no pass-through, the family would receive a single check for \$400 (which consists of the TANF maximum of \$350 and \$50 extra, the fixed amount disregarded).

Row Two. In the second row, a state that has a fixed disregard *and* a pass-through, two checks would be received. This could happen in one of two ways: states could either send a child support check of \$50 (the amount disregarded) and an (unadjusted) TANF check of \$350. Alternatively, the state could send a child support check of \$150 (the full amount collected) and a TANF check of \$250 (the maximum grant of \$350 minus the child support received in excess of the disregard). Both families have a total income of \$400.

Row Three. In the third row, when no disregard is in effect but there is a pass-through, the family again would receive a public assistance check and a child support check, but, since none of the child support would have been disregarded, the assistance amount would be reduced by the amount of the child support (checks of \$200 and \$150).

Row Four. The final row illustrates the case of neither a disregard nor a pass-through; in this case the family receives a single check of \$350.¹¹

¹⁰While the authors acknowledge the very important contribution that pass-throughs may make to welfare recipients planning and exercising self-support strategies, the focus of this research is upon cooperation incentives that are predicted to follow directly from the economic incentives associated with disregards. Thus, the research reported here will not include estimates of pass-through effects that may influence behavior, but will instead maintain a focus on child support outcomes that may result from greater incentives to cooperate with IV-D program requirements. An important area of future inquiry is the effects of pass-throughs.

¹¹There is one more possibility with reference to disregard policy that might be expected to produce some similar kinds of “cooperation incentives” as those suggested by the illustration above, though they may not be as easily observed or measured, and thus will not be studied here. Some states may choose to disregard the one-time payment of arrears collected, for instance, for the purpose of determining initial eligibility for assistance. Such a policy might be adopted with or without a disregard associated with ongoing welfare payments and child support collections.

TABLE 1
Results of Alternative Pass-Through and Disregard Policies

Example: Mother-only family with two children living in state with a TANF maximum grant of \$350/month and a child support collection of \$150/month (not a “fill-the-gap” state).*

Pass-Through and Disregard Options	TANF Payment	Child Support Received by Family	Total Income Available to Family
1. No pass-through, \$50 disregard	\$400	0	\$400
2. Pass-through, \$50 disregard	\$350	\$50	\$400
	\$250	\$150	\$400
3. Pass-through, no disregard	\$200	\$150	\$350
4. No pass-through, no disregard	\$350	0	\$350

*This table is derived from the common experience prior to 1998 and does not illustrate Wisconsin’s new policy of both fully disregarding all child support collected AND passing it through to the family as a check that is separate from the TANF check.

The example demonstrates that whether or not a state disregards a portion of a given month's child support collection can be critical to the economic well-being of the family. On the other hand, without a disregard in place, a pass-through does not change income, but is simply a tool that may help the AFDC/TANF adult recipient to track and take conscious account of the frequency and magnitude of the child support payments.¹² Because our primary interest in this research is the economic well-being of families, we focus on the effects of actual disregard practices, ignoring differences in pass-through policies. In the new political environment in which states can set their own disregard policies and have increasing concerns with financing their IV-D programs, understanding the effects of these policies has become more critical (Wheaton and Sorensen, 1998).

II. Previous Research on Child Support Outcomes

The overall objective for this section of the report is to identify variables other than state disregard levels that may influence various child support outcomes and to move toward isolating the independent effects of disregards on these outcomes. Our initial approach to this task involves an examination of several relatively recent key studies which have identified other potentially important policy variables that influence the same types of child support outcomes that we will be estimating later.

Factors Appearing to Influence Changes in Child Support Program Outcomes Over Time.

Since the earliest years of the federal Child Support Enforcement Program, substantial variation has marked Title IV-D program outcomes across states. As a simple illustration, Table 2 shows wide variance among the states in the ratio of collections to costs in each year. Moreover, the difference between the higher-performing states and the lower-performing states has narrowed only slightly over time.

Researchers and policymakers have explored whether differences in outcomes, such as cost-effectiveness, can be explained by variations in state IV-A and IV-D program policies. Many important child support enforcement policy changes were initiated by the states themselves, and thus may help explain differential IV-D program outcomes. Many of the more successful state innovations in child support law and administrative practice have been adopted by the federal government and implemented nationally. Variance in the timing of the implementation of these innovations across states may explain part of the variance in outcomes. The process of increasing federal influence over state child support laws and practices has led gradually to standardization of most substantive features of child support enforcement. More than twenty-five years following enactment of the federal IV-D program, it might be said that there are more similarities than differences in state IV-D programs and in the state laws which undergird paternity determination, location, enforcement, guidelines, and collection components of the

¹²Moreover, a disregard has a direct effect on the amount of child support the government retains to offset the welfare benefits it pays out and thus has a direct effect on costs. A pass-through in and of itself may affect administrative costs, but does not have the same direct effect on governmental outlays as does a disregard.

TABLE 2
State IV-D Program Cost Effectiveness, 1985–1998

Year	Ratio of Collections to Costs		
	Lowest State Ratio	Highest State Ratio	Range
1985	1.06	7.62	6.56
1986	0.92	8.33	7.41
1987	0.97	9.52	8.55
1988	1.21	10.83	9.62
1989	1.33	8.97	7.64
1990	1.49	8.71	7.22
1991	1.54	8.07	6.54
1992	1.57	9.27	7.69
1993	1.79	9.09	7.30
1994	1.78	8.58	6.80
1995	1.48	8.20	6.72
1996	1.43	7.74	6.31
1997	1.45	7.42	5.97
1998	1.59	7.18	5.59

Note: Data provided by the Federal Office of Child Support Enforcement.

states' programs.¹³ Nonetheless, significant differences in policies remain, and the effects of some of these policies (such as the level of child support disregards) have not been extensively studied.

In the years immediately following creation of the federal Office of Child Support Enforcement, researchers sought relatively simple explanations for variations in measures of state program success (Cassetty, 1978). In addition to considering the effectiveness of alternative laws and policies, empirical analyses of child support enforcement outcomes have often included measures of the demographic characteristics of the caseload, including factors that may directly influence outcomes of interest. Demographic measures, while far less amenable to direct policy manipulation, may offer insight into the influence that the policy environment has on program outcomes. (More recent studies showing strong effects of demographic variables on child support outcomes include Beller and Graham, 1993; Garfinkel and Robins, 1994; Meyer and Bartfeld, 1997; Freeman and Waldfogel, 1998; Meyer and Hernandez, 1999; Sorensen and Halpern, 1999.)

In addition to changes in state law and the policy environment, researchers in recent years have looked closely at administrative and implementation issues.¹⁴ Given the trend toward standardization in the features of state IV-D programs, variation in the timing of adoption and implementation of new enforcement tools and other mandated practices has presented researchers with both an opportunity and an obstacle to better understanding of their effects. Most laws and administrative practices related to the state IV-D programs were adopted and implemented within a very few years of being mandated by federal law. This narrow range in adoption dates may make it difficult to accurately estimate the effect of a given innovation. On the other hand, the political and administrative readiness of states to implement mandates, generally difficult to measure, may contribute to the relative success in different states following implementation. Researchers have used a variety of approaches to capture the potential delayed impact of policy changes that cannot be expected to have measurable effects immediately following adoption.

Key Studies Informing Our Present Efforts.

A number of previous studies of the influence of demographic, administrative, and legal factors on child support outcomes inform our analysis of the effects of state disregard practices. We review four recent examples of this type of analysis: Beller and Graham (1993), Garfinkel and Robins (1994), Freeman and Waldfogel (1998), and Sorensen and Halpern (1999). Specifically, our discussion focuses on the data, measures of child support enforcement "tools" used, and estimation approach.

All of the research summarized here has relied upon multivariate analysis, usually ordinary least squares (OLS) estimation techniques, utilizing merged data sets (compiled from two or more sources) to

¹³In 1974, for example, when the IV-D program was enacted by Congress, state statutes of limitations on paternity lawsuits, restricting them to only a few months after the birth of a child, were quite common, the rationale being that "witnesses" to an intimate association between the putative father and mother would lose credibility and evidence would grow "stale" with the passage of time. Over time, states gradually extended these time limits as large and rapid strides were made in the science and legal application of genetic testing techniques. However, by 1984, when states were required by federal law to adopt legislation allowing for paternity actions up to at least eighteen years after the birth of a child, more than half of the states still required legislation to bring them into compliance with the eighteen-year limit (Beller and Graham, 1993).

¹⁴The Office of Child Support Enforcement has recently commissioned research into the relationship between various administrative variables and child support outcomes. Preliminary findings from a single year are available in Fishman, Dybdal, Tapogna, and Laud (2000).

explore influences upon several child support outcomes. Of the four relatively recent studies considered here, all relied upon individual-level data from the Current Population Survey (CPS) to measure child support receipt by unmarried and divorced women who headed households that included their own minor children. The limitations of these data, including the difficulty of identifying the population of interest, have been documented in numerous studies, including those of Robins (1987, 1992), and are discussed in detail in Chapter 2.

Garfinkel and Robins and Beller and Graham use the March/April CPS, which includes the Child Support Supplement (CSS). In contrast, Sorensen and Halpern use 21 years of annual data from the March CPS. Although their choice did not allow an examination of the amount of child support owed to sample participants, the child support survey items in the CSS (which include order amounts) were thought to lack inter-year comparability, which these researchers found to be particularly restrictive, given their desired focus. Freeman and Waldfogel, also attempting to address the limitations inherent in the March/April CPS/CSS, pooled household-level data from the March CPS with selected items from the Survey of Income and Program Participation, resulting in a database with annual measures covering nine years, 1980–1988.

All of the studies summarized below used IV-D administrative cost data provided by the states in annual reports to the federal Office of Child Support Enforcement (OCSE) and measures of various state statutory tools and the dates of their adoption, data provided principally by OCSE and the National Conference of State Legislatures. Dependent variables used in all of these key studies were derived from mothers' reports of child support receipt.

The studies noted here employed a variety of strategies to accommodate the time between adoption or implementation of laws and the time by which one could reasonably expect the effects to be observed. Garfinkel and Robins used both continuous measures of the number of years since implementation of a law and a single indicator of whether a state had a law in place. Freeman and Waldfogel constructed an index of state laws that allowed for implementation delays by using a two-year lag. Beller and Graham and Sorensen and Halpern also utilized the lagging strategy to accommodate the time between adoption and implementation of legislation and the appearance of the posited effects. Beller and Graham lagged their enforcement laws' enactment date by two and four years; Sorensen and Halpern chose to lag only three of their six similar measures of the adoption of legal tools.

One difference among these studies involves the handling of effects that may be attributable to state (or regional) characteristics, which may not be easily captured. These characteristics might include a political disposition to enforce the law or to support those agencies that do, or something as concrete as the nature of the administrative infrastructure for child support enforcement. Freeman and Waldfogel and Sorensen and Halpern utilized state measures to control for this kind of "fixed effect" in their models that explored the impact of selected state IV-A and IV-D administrative and legal characteristics on child support outcomes. Beller and Graham chose instead to include regional, urban/rural, and Metropolitan Statistical Area effects upon order status and levels of receipt in models that focused on individual characteristics of survey participants.¹⁵ Garfinkel and Robins also chose controls for regional effects in their exploration of the effect of a number of child support administrative and legal characteristics on

¹⁵In another analysis, also published in the 1993 volume, Beller and Graham examined other questions, such as AFDC reciprocity and child support, in which regional controls were employed. They did not, however, employ either state or regional fixed effects controls in their examination of the impact of state enforcement tools on child support outcomes.

selected child support outcomes. In their analyses of the impact of legal tools available to the states on child support outcomes, all four of the research teams chose to control as well for temporal effects.

The studies reviewed here differed in their measures of the legal tools adopted and implemented by the states to strengthen the child support system. Some of the differences reflect limits imposed by the time periods covered by the studies. In some cases, passage and implementation of laws mandated by federal law had not been completed across states by the end of the period under study. In others, the range of time over which states adopted particular laws was quite narrow, limiting the amount of variance in the measure and a full assessment of its impact on specific child support outcomes. Each of these four studies, however, included at least one independent variable that measured a key administrative feature of the federal child support enforcement program: each state's total expenditures for operating the IV-D program. This measure understates the total public costs of child support enforcement, because it captures only state expenditures that are eligible for federal Title IV-D matching funds.¹⁶ The findings related to the impact of IV-D expenditures on the child support outcomes used in these four studies varied, depending on the structure of the analysis designed by the specific research team, as summarized below.

The studies reviewed here suggest that many of the states' enabling child support enforcement laws and administrative expenditures and practices have made significant contributions to receipts reported by single and divorced mothers. Beller and Graham's earlier study found automatic income withholding to have been an effective means for increasing women's child support receipts, as did Garfinkel and Robins's research. The latter study found women's reports of child support orders and receipts during an early period in the federal program's history to have been significantly and positively affected by their measure of immediate wage withholding. Noteworthy is the fact that by the end of their study years (1978–85 for Beller and Graham, and 1978–87 for Garfinkel and Robins), nearly a third of the states had not yet implemented this legislation. Sorensen and Halpern, whose span of years studied was more extensive at both ends of the range, found immediate withholding to have been a significant factor in women's reports of receiving child support, but only for a subpopulation of AFDC recipients who had been previously married. The methodology employed by Freeman and Waldfogel did not allow for disaggregating the effects of specific laws, including immediate wage withholding, on child support outcomes.

Beller and Graham found little support for the influence of IV-D expenditures in increasing child support receipts, although they did find that *efficiency* measures increased child support receipt rates by small but significant amounts. It is important to note, as do the authors, that these findings relate to the child support receipt experience of a sample of *all women*, not just those who were clients of the IV-D agencies in each state. In some years included in their study, it is unlikely that most women who were potentially eligible for child support had ever been clients of the IV-D agency. Sorensen and Halpern, using data for a comparable CPS subpopulation across a much longer time period, 1976–97, tested separate models for AFDC and non-AFDC and ever-married and never-married women. Their reasoning was that women who received AFDC would be more likely to have received child support enforcement services provided by the state IV-D agency than women in the general population. It was not surprising, then, that Sorensen and Halpern found that IV-D administrative variables and legal tools required by

¹⁶It does not capture any of the private costs of enforcement, including those associated with private litigation and collection. During the early years of the federal IV-D child support enforcement program, as some county- and city-operated enforcement and collection services were being gradually subsumed under the IV-D administrative umbrella, the public costs of enforcement lying outside the IV-D program were considerably higher than in the later years of the program. However, during the later years, the private costs of child support enforcement have been fueled by the appearance of for-profit companies that are especially aggressive in pursuit of arrears.

federal law showed far greater significance in predicting child support receipts for AFDC recipients than for their non-AFDC counterparts.

In addition to an array of demographic control variables that sought to capture some of the same factors explored in the earlier studies, the models developed by Sorensen and Halpern also included measures of the economic environment in the state where the CPS respondents lived. To control for the availability of resources from which the fathers of children could potentially draw to pay child support, single men's mean earnings and the overall employment rate were included. Also included in their models were six measures of statutory enforcement tools, including immediate wage withholding. For the purposes of our own study, it is especially important to note that the Sorensen and Halpern study was the only one of those summarized here that included a measure of each state's \$50 disregard status.

The principal findings of the Sorensen and Halpern study offer further evidence of the positive results of expanding the scope of child support enforcement programs through such tools as presumptive guidelines and state income tax intercepts. The researchers found that these two factors and the \$50 disregard had significant, positive effects on the child support receipt rates of both never-married and previously married mothers. The researchers further found that in-hospital paternity establishment programs and immediate wage withholding increased the likelihood of receiving support among some groups of mothers.

Sorensen and Halpern found suggestive evidence that child support receipts for AFDC recipients were more likely during periods in which the \$50 disregard was required, an effect not found in the non-AFDC portion of their study population. Further, they found that the IV-D and IV-A administrative variables, including the \$50 disregard, explained over 80 per cent of the earlier increases in child support receipt rates for previously married mothers who received AFDC.

The studies reviewed above, as well as other research, indicate the potential importance of administrative and statutory tools designed to strengthen child support enforcement. Two contributions in the Sorensen and Halpern study are particularly noteworthy. First, they included a measure of the disregard, a potentially important policy for AFDC/TANF recipients. Second, they found that the factors associated with child support receipt vary substantially by the AFDC/TANF status of those potentially eligible for child support.

We extend and improve upon previous research with our new measure of the disregard policy in effect in each state during each period and by explicit exploration of two additional measures of state IV-D administrative characteristics not previously studied: "new-hire" reporting and full federal certification status of states' automated systems, described in more detail below. We also use an alternative data source, administrative data on child support outcomes. Previous research has used mothers' reports of child support received and mothers' reports of their AFDC/TANF status, a limitation in that AFDC/TANF status is significantly underreported in the CPS. Moreover, the amount of child support that AFDC/TANF recipients report may reflect the amount of child support passed through to them, rather than the amount collected on their behalf. By using IV-A administrative data on child support outcomes related *directly* to AFDC/TANF recipients in IV-D caseloads, we are able to explore more accurately whether the disregard has had an effect on those outcomes, especially on collections on behalf of these clients.

III. Data and Methods

As detailed above, previous research has generally relied on micro data from the March and April CPS. The findings reported here are based on annual state-level data from state IV-D and IV-A administrative sources related to the characteristics and performance of these programs. These

administrative data allow us to focus more specifically on the population that is most likely to have been referred to and to have used IV-D program services in each of the states.

Data from other sources have been merged with these administrative data in order to estimate the effects of environmental factors, including states' relative economic health. The years covered by our analyses are, unless otherwise indicated, 1985 through 1998.¹⁷ We do not use the early years following establishment of the IV-D program, a period when anecdotal accounts suggest that federal requirements establishing a child support disregard for AFDC recipients may not have been fully implemented across all states. We consider observations through 1998 in order to include as many years as possible following the 1996 federal reform act, which abolished the federal disregard mandate and allowed them at state option. Our unit of analysis is each state (including the District of Columbia) in each year, from 1985 to 1998.

We used three primary measures of state IV-D program outcomes:

- Ratio of AFDC/TANF paternities established for the IV-D caseload to the size of the IV-A (AFDC/TANF) portion of the IV-D caseload;¹⁸
- Ratio of AFDC/TANF cases with collections to the number of IV-D AFDC/TANF cases;
- Average child support collection for AFDC/TANF cases that had any collection.

All other things being equal, we expect that a more generous disregard will have a positive effect on each of these indicators of IV-D program performance for the IV-A (current and former AFDC/TANF recipients) portion of the state IV-D caseloads.

The explanatory variables in our models include some of the administrative measures that previous research had found to have an impact on child support outcomes, as well as original variables that had not previously been tested. These variables fall into two general categories: those that measure characteristics of a state's enforcement effort, including enforcement laws or characteristics of enforcement systems; and measures of the overall state effort on behalf of its dependent children, including the financial parameters of both the IV-A and IV-D programs, such as the state's official Needs Standard, welfare benefit schedule, and, of course, the subject of our investigation, the size of any child support disregard. Among these two types of variables, we chose the following:

- Total disregard, measured as the sum of the federally required fixed disregard (\$50 after 1975) and the variable disregard that occurs in some states that pay welfare benefits that are less than that state's official Needs Standard.

¹⁷F.F.Y. 1999 data were occasionally used for some limited analyses reported here, and are so noted. However, major changes in OCSE reporting requirements in 1999 made state data for that and subsequent years insufficiently comparable for use in our key analyses. The authors are especially grateful to Gaile Maller and her staff with OCSE, who developed special data extract files for our use in this study.

¹⁸We also estimated models using an alternative measure, the ratio of the number of IV-D paternities established to the number of nonmarital births in the state. The results were similar.

- Full federal certification of the state’s automated system (dummy variable=1, beginning the year that a state’s automated information and case management system was fully certified by federal authorities).¹⁹
- New-hire reporting (dummy variable=1, beginning the year that a state implemented legislation requiring employers to report all “new hires” to the state’s designated agency for use by the IV-D agency).
- Immediate wage withholding (dummy variable =1, if enabling legislation was implemented by the state at least one year prior).
- Total costs of the IV-D child support enforcement program in each year/state, 1999 dollars.
- Maximum AFDC/TANF benefit size for family of three in each year/state, 1999 dollars.
- Female unemployment rate, measured in each year/state.
- Household median income, measured in each year/state.²⁰

All dollar-value variables were adjusted to 1999 dollars.²¹ Nominal-type, dichotomous variables were assigned the value of “1” for each year-forward from the time of passage or implementation, depending on whether or not the legislative adoption date was used for a particular measure. Thus, variables such as “new-hire reporting” would have been represented in the data code as “0” in each year prior to adoption and “1” for the adoption year and each year thereafter.

¹⁹We are grateful for the collaborative effort between the federal OCSE and the National Conference of State Legislatures that resulted in these data. Our understanding is that the dates of federal certification were obtained in a retrospective fashion and based upon federal certification standards that were in place at the time one of three certification statuses of each state system was awarded. “0” was the value assigned to the category consisting of both the “partially certified” and “not certified” status.

²⁰Data that were used to construct the amount of the disregard were obtained from documents relating to the recent status of states’ \$50-disregard practices published by the Center for Law and Social Policy (CLASP). Additional data pertaining to historic disregard practices, particularly those referred to as “fill-the-gap” and those connected with demonstration projects under federal waivers, were obtained directly from federal and state IV-A and IV-D program administrators. We are grateful for the cooperation of countless officials of the federal Office of Child Support Enforcement and the Administration for Children and Families in both federal and regional offices and state IV-A and IV-D administrative officials for their assistance in helping us construct a comprehensive historical record of these practices.

The immediate wage withholding variable through 1987 was provided by Irwin Garfinkel and Philip Robins, and from 1987 through 1999 by the National Conference of State Legislatures. Dates of system certification and new-hire reporting were also provided by the National Conference of State Legislatures. IV-D program performance data were provided by OCSE. Administrative data pertaining to states’ IV-A programs were obtained from the *Green Book* of the Committee on Ways and Means of the U.S. House of Representatives and from Vee Burke, at the Congressional Research Service. Female unemployment rates were obtained from official documents of the U.S. Bureau of Labor Statistics, Department of Labor. State median income data were obtained from the U.S. Census Bureau’s Current Population Survey, but because of concerns about the accuracy of single-year estimates, we include a rolling two-year average. We are grateful to all those who helped provide data.

²¹All conversions to 1999 dollar amounts were made using the CPI-U.

Our key independent variable, total disregard amount, is a continuous measure of the combined total fixed and variable disregards in each state and year, beginning in 1985 and continuing through 1998. As described earlier in this report, in most states/years, the fixed disregard component of the total disregard variable is the \$50 amount required by federal law. This portion of the total disregard measure was reduced to “0” in many states after 1996. However, a few states have had, at various points over the range covered by the analysis, “variable” disregards. This variable disregard component of the total disregard measure used in the analyses was measured as the “gap” amount for a family of three in each state that had such variable disregard practices. Also included, primarily in the latter years covered by the study, were some fixed disregard measures for a handful of states that had federal waivers to experiment with different levels of fixed disregards, such as Connecticut, or those such as Nevada and Kansas that changed their fixed disregards after PRWORA.²²

We expect that the size of the total disregard, which varied considerably over this range of years and states, will have a significant and positive effect on our measures of IV-D program outcomes. While we expect that paternities established and cases with collections will be positively influenced by the magnitude of disregards, there is less reason to expect that average collections for cases with any collections would be significantly affected by the size of a state’s IV-A disregard. Once a woman has initially “cooperated” with paternity determination, location, and other processes leading to an order for support, it may be that the *size* of the amount collected, once any collection is made, is less responsive to the mother’s efforts. On the other hand, to the extent that our model captures incentives for fathers to *pay support*, higher disregards may lead to higher payments by fathers, reflecting payments in amounts that more closely approximate their support orders.

We chose to include measures of federal certification of states’ automated systems in large part because certification may be a proxy for other administrative features that are difficult to measure directly. Full certification of a state’s electronic information processing and retrieval and accounts management system may represent a higher level of functional, administrative, and geographic coordination between the various components and myriad processes of the IV-D program.²³

Our next variable capturing a qualitative characteristic of a state’s child support enforcement system measures the effect of the state’s implementation of a law requiring employers to report all “new hires” on a monthly basis for access by IV-D personnel to locate the nonresident parent, to verify employment and salary information, and to collect child support. Because this tool serves more than one of the functions necessary for the successful enforcement of child support obligations, we expect to find that it adds significantly to the effectiveness of the child support enforcement system. Further, we believe that the independent effects of this enforcement tool will be observed immediately with implementation, and we do not lag this variable.

Our choice of immediate wage withholding as an explanatory variable is informed by previous research findings, including those summarized above. We chose to lag this variable, by one year past the

²²Wisconsin stands alone as having recently adopted a *full* “variable disregard” which was, for the purposes of this study, measured as the average amount of the child support collection for the first year of Wisconsin’s experimental study.

²³We chose a binomial measure of certification that reflects only full certification, with partially or provisionally certified and uncertified systems as the omitted category. Our rationale for this is that the breadth of the “middle,” or partially certified, category is likely very broad, and we have no information on the nature or severity of the deficiencies that have stalled full certification.

implementation date, as in some earlier research.²⁴ We expect that this administrative tool will be a significant factor in predicting collections, but not paternities established, as its relationship to this measure of program effort seems remote, at best.

In addition to these key explanatory variables, we include a number of control variables. The total cost of states' IV-D operations is a standard measure of the level of effort committed in pursuit of enforcement outcomes. Maximum AFDC/TANF benefit for a family of three was chosen as a control variable in our models because of the historic relationship between a state's welfare benefit structure and child support outcomes (Cassetty, 1983). The size of the welfare benefit can be expected to influence the relative value of child support receipts and, thus, cooperation with such child support enforcement activities as paternity determination and pursuit of orders for support. Including the size of the benefit also may control for differences in the types of cases receiving AFDC or TANF in different states at different times.

The female unemployment rate was chosen to represent the need for AFDC/TANF and the services of the child support enforcement agency. Assuming a high unemployment rate for women, one would expect that they would have greater economic need for these services and be more eager to cooperate fully with IV-D program efforts, leading to a positive impact on the performance of state IV-D operations, all other things being equal. High female unemployment rates may also alter the composition of the AFDC/TANF caseload, bringing in those with higher potential for child support payment (Cancian, Meyer, and White, 2000). On the other hand, one might envision the opposite effect: low unemployment among the female workforce may encourage a desire for self-sufficiency, which may include pursuit of child support. Moreover, low unemployment among the female workforce is closely linked to overall economic conditions, so may be associated with an increased ability for fathers to pay support.

We include median income primarily as a control variable, although we expect that to the extent median income reflects the income available to nonresident parents, higher median incomes will be associated with increased child support collections and increased willingness to take on the legal responsibilities of fatherhood through cooperation with paternity determination efforts.

Finally, our base results follow much of the recent literature and include both state and year fixed effects.²⁵ As such, we are estimating the effects of other variables—including the disregard—on variation not accounted for by the state or year of observation alone.

IV. Results

As our primary interest is the effect of state AFDC/TANF disregard practices, our principal analyses estimate outcomes for this share of the state IV-D caseloads. We analyze three outcomes: ratio

²⁴Because the state IV-D caseload data constitute a "mix" of cases in various stages of enforcement, it is not reasonable to assume that the effects of wage withholding will show up in study results for a period of time sufficient for appreciable numbers of new IV-D cases to be issued court orders for support. Unlike new-hire reporting, which involves routine, periodic "sweeps" and comparisons of caseload databases made up of enforcement cases of all status types against state new-hire files, immediate wage withholding requires a longer period of time for the results of court action on a cumulative portion of the caseload to be observable. Thus, a "build-up" of cases effected by immediate wage-withholding laws is expected to be necessary before analytic results can be observed.

²⁵1998 is the omitted year category and Wyoming is the omitted state category in our regression equations.

of paternities established to caseload size, ratio of cases with child support collections to caseload size, and collection levels among cases with collections. We estimate the relationship between these outcomes and several child support program features, particularly the disregard. As discussed above, our models also include measures of the economic environment—including maximum AFDC benefit levels, female unemployment, and median income—as well as state and year fixed effects.

Table 3 summarizes the results of our analysis. We find that the disregard has a positive and statistically significant effect on paternity establishment and the proportion of cases with collections. The coefficient estimates suggest that the effect is fairly small—a \$100 increase in the disregard is associated with almost a one-percentage-point increase in the ratio of paternities established to the size of the AFDC/TANF caseload ($.0085 \times 100 = 0.85$ percentage point) and a slightly larger increase in the proportion of AFDC/TANF cases with collections ($.0145 \times 100 = 1.5$ percentage points).²⁶ Although the estimated effects are small they suggest potentially important results. For example, given that there were almost 10 million welfare cases in the states' IV-D caseloads in 1996, our estimates suggest that a \$100 increase in the disregard would be associated with 150,000 additional cases with collections.²⁷ The findings for the new-hire reporting variable also note a significant impact on cases with collections, suggesting an improvement of approximately 2 percentage points in cases with collections for those states with a new-hire database over those without. If all states without a new-hire database in 1996 had adopted one, we estimate an increase of about 40,000 in the number of cases with collections nationally.

As shown in the third set of columns, the size of the disregard does not have a discernible effect on the average collection per case among cases with any collections, although the direction of the coefficient remains positive. This may be because higher disregards increase the proportion of AFDC/TANF cases with collections, increasing the representation of cases of all kinds, including low-paying cases. On the other hand, it may be that although disregards encourage resident parents' cooperation with IV-D program efforts, this works to increase paternity establishment and initiation of payments, but does not influence the amount paid by nonresident parents who are already paying something.

Full federal certification of a state's automated data system has no discernible impact on paternity establishment or the proportion of cases with collections, but has a significant relationship with average collections for cases with any collections. The estimates suggest that this status, conferred on a state by the federal Office of Child Support Enforcement after a lengthy and complex process of systems development and federal review, results in an increase of over \$790 per year per AFDC/TANF case with any collections. While these are cases that have already had at least one collection, the incremental increase in the size of the average collection that is associated with full certification is sizable. Do fully certified systems increase the effectiveness of child support enforcement in maintaining a steady stream of child support payments, once an obligation is established? Or is full certification capturing another unmeasured characteristic of the states that have fully certified systems? Given the strength of these results, this measure of child support policy warrants closer investigation.

²⁶For example: if a state has a ratio of paternities established to the size of the AFDC caseload of, say, 700 to 10,000 (700/10,000, or .07), a one-percentage-point increase in paternities established would raise the ratio to .08. This means that a \$100 increase in the disregard would increase paternities from 700 to 800 in an AFDC/TANF caseload of 10,000.

²⁷Given the coefficient estimates and standard errors, the 95 percent confidence interval suggests an increase in cases with collections of 37,000 to 253,000.

TABLE 3
IV-D Program Outcomes for IV-A (AFDC/TANF) Caseloads, 1985–1998

Independent Variable	Dependent Variables					
	Paternities Established/IV-A Caseload		IV-A Cases with Collections/IV-A Caseload		Mean IV-A Collections/IV-A Cases with Any Collections	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
Maximum effective disregard	0.0085***	0.0012	0.0145***	0.0086	0.4344	0.6844
Full automated system certification	-0.4096	0.4904	-0.8005	0.5203	790.9326***	0.0011
New-hire reporting required	0.6348	0.1174	2.0168**	0.0178	-78.1580	0.6354
Immediate withholding (lagged)	0.2916	0.5062	1.0238	0.2656	-478.9029***	0.0075
IV-D program expenditures	0.0153***	0.0013	0.0033	0.7391	-1.5920	0.4111
AFDC/TANF benefit maximum for family of three	0.0106***	0.0030	0.0209**	0.0051	1.8334	0.2040
Female unemployment rate	-0.4867***	< .0001	-0.8865***	< .0001	-35.5530	0.3942
Median income	-0.2266***	0.0004	-0.6405***	< .0001	104.1889***	< .0001
	N = 714		N = 714		N = 714	
	R ² = .4062		R ² = .5213		R ² = .6260	

Note: State and year fixed effects and an intercept are included in all models, but coefficient estimates are not shown.

Bold print indicates statistical significance:

* = p < .10

** = p < .05

*** = p < .01

Not surprisingly, new-hire reporting appears associated with a greater likelihood of making a collection. It does not, however, appear to be a significant factor in enhancing the average size of collections among cases with collections. It also does not have any discernible impact on paternity establishment. It may be the case that among nonresident parents who are trying to avoid their support obligations altogether, new-hire reporting systems reduce the success of those attempts. Among those who are paying all or a portion of their obligations already, new-hire reporting systems are not likely to increase the size of those collections.

The final measure of child support enforcement tools is the implementation of legislation to authorize immediate withholding of child support. Although we did not expect immediate withholding to have an impact on paternity establishment, we did expect a positive relationship between this measure and the proportion of cases with collections and the amount collected among cases with collections. Contrary to our expectations, the only discernible relationship is a significant *negative* relationship with average collections per case with any collections. The average collection for cases with any collections that is attributable to our measure of immediate wage withholding drops more than \$478 per case ($p < .01$). When the impact on average collections over all IV-D cases is estimated, the magnitude of this effect is not different from zero, suggesting that at least part of this unexpected result may be explained by this policy's contribution to increasing the representation of low-paying cases among those cases with some collections.²⁸

The next three rows of Table 3 show the relationships between the outcomes and three additional indicators of child support policy. Higher child support enforcement expenditures are associated with greater paternity establishment, but have no discernible impact on either measure of collections. Given the myriad processes involved in paternity determination, it is not surprising that paternity outcomes are closely associated with the level of program expenditures. Paternity determination is possibly the most complex and labor-intensive of the many tasks associated with the overall child support enforcement effort. What is surprising is that we do not find an association between expenditures and collections, all other factors equal.

The next row in Table 3 shows the relationship between welfare generosity, as measured by the size of the welfare grant, and our measures of child support outcomes. Higher maximum AFDC/TANF benefits are associated with higher rates of paternity determination and a higher proportion of cases with collections. The association with average collections per case with any collections is not statistically significant ($p = .20$). This may reflect variation in the composition of the IV-D caseload; higher AFDC/TANF benefits may mean that less disadvantaged families participate in the welfare system because welfare is more attractive. Higher welfare benefits may also lead to longer periods of benefit receipt, leading to a longer opportunity for paternities to be established and child support collections to begin.

²⁸In other words, if low-income fathers are disproportionately represented in the "pool" of fathers who pay support as a consequence of immediate wage withholding, the average amount collected for *all* paying cases will decline due to the smaller amount of support that is assumed to be ordered for such fathers. It would then appear that wage withholding "caused" average collections to decline among all cases with any collections when, in fact, the average collection declined as a result of a poorer pool of payors. An alternative explanation is offered by Meyer and Bartfeld (1992), who suggest that if a significant proportion of those subject to initial withholding changes jobs frequently thereafter, some doing so deliberately to avoid further support collections, the effectiveness of immediate wage withholding may decline over time.

The final two rows of Table 3 show the estimated relationship between child support outcomes and two control variables. Higher female unemployment rates are associated with lower paternity establishment and a lower proportion of cases with collections, perhaps reflecting different compositions of the caseload or reflecting a lowered ability of fathers to pay support. Higher median income is also associated with lower paternities established and lower cases with collections, but higher collections per case. Although the positive relationship between collections for cases with any collection and median income is intuitive, the negative findings for paternities determined and cases with collections are not. It is possibly the case that as state median income rises, so does the ability of putative fathers to defend themselves against allegations of paternity. But once paternity is successfully established, average collections are higher in response to higher median income.

The results summarized in Table 3 suggest that a higher disregard is significantly associated with higher rates of paternity establishment and a higher proportion of cases with collections, but has no discernible impact on average amounts collected for cases with collections. We conducted three sets of sensitivity analyses on this sample, with results shown in Table 4. First we eliminate state and year fixed effects, then we eliminate both. Our results regarding the disregard are generally robust to the alternative specifications shown. A higher disregard is consistently associated with higher paternity establishment and a higher percentage of cases with collections. In general, the disregard has no impact on average collections per case.²⁹

In our base results, the measure of the disregard was the *maximum* amount disregarded; our second sensitivity test considers alternative measures of the disregard, the increment to income for a family of three if \$100 per month, \$150 per month, or \$200 per month were paid in support. Changing the measure of the amount disregarded also shows that a higher disregard is associated with higher rates of paternity establishment, and continues to show that the disregard amount is not significantly related to collections per case with any collections. However, this measure of disregard size shows no discernible relationship with the percentage of cases with collections. This suggests that the relationship between disregard policy and cases with collections seen in the base model may be driven by the high maximum disregards available in some states. Future research should further explore this finding.

It is also important to note the need for future research aimed at an exploration of both the independent and interaction effects of pass-throughs and disregards. Because this research began with an assumption that pass-throughs were identical in size and application to disregards, given extensive confusion between the two policy terms in the academic literature, we gathered data related only to the level of disregards. As our understanding of various state practices related to pass-throughs grew, we began to view pass-throughs and disregards as distinct policies that may have different effects. We now believe that it will be useful to sort these effects out more carefully following a detailed historical review of state pass-through practices, a review that is bound to be time-consuming due to the absence of a central repository of highly variable historical data and the absence of uniform mandatory federal policies governing state pass-through practices.

The level of the disregard should affect outcomes only for families receiving AFDC/TANF. Our final sensitivity test examines whether the level of the disregard is associated with non-AFDC/TANF case paternities and/or non-AFDC/TANF case collections, using the same model. In contrast to our findings for AFDC cases, the final row of the table shows no discernible relationship with paternities or mean

²⁹An exception is the marginally significant negative relationship between mean collections per case in a model without state or year fixed effects.

TABLE 4
Sensitivity Test Results: IV-D Program Outcomes for IV-A (AFDC/TANF) Caseloads

Model Specification	Dependent Variables								
	Paternities Established/IV-A Caseload			IV-A Cases with Collections/IV-A Caseload			IV-A Mean Collections/IV-A Case with Any Collections		
	Disregard Coefficient	p-value	R-squared	Disregard Coefficient	p-value	R-squared	Disregard Coefficient	p-value	R-squared
Base model	0.0085***	0.0012	0.4062	0.0145**	0.0086	0.5213	0.4344	0.6844	0.6260
Without state fixed effects	0.0027*	0.0559	0.0724	0.0151***	< .0001	0.1281	-0.9386	0.1428	0.2934
Without year fixed effects	0.0084***	0.0011	0.3983	0.0146***	0.0074	0.5006	-0.4088	0.7102	0.5795
Without state and year fixed effects	0.0029**	0.0407	0.0604	0.0153***	< .0001	0.0915	-1.0574	0.1080	0.2293
Effective disregard if \$100 paid	0.0128	0.1038	0.3989	0.0065	0.6923	0.5162	-1.4565	0.6459	0.6260
Effective disregard if \$150 paid	0.0117**	0.0405	0.4003	0.0049	0.6818	0.5162	-0.0088	0.9969	0.6259
Effective disregard if \$200 paid	0.0105**	0.0152	0.4019	0.0060	0.5080	0.5164	0.3414	0.8453	0.6259
Base model for non-AFDC caseloads	-0.0023	0.1808	.4628	-0.0280*	0.0614	0.4408	-0.4080	0.9205	0.1215

Bold print indicates statistical significance:

* = p < .10

** = p < .05

*** = p < .01

collections and a marginally significant *negative* relationship between disregard levels and the proportion of non-AFDC/TANF cases with collections.³⁰

V. Summary and Policy Implications

Our analyses suggest that increases in the disregard applied to child support collections among AFDC/TANF recipients are associated with increased paternity establishment and a greater proportion of cases with collections. While many states have eliminated disregards under TANF, a focus on cost savings realized from discarding disregard practices may be short-sighted. Our findings offer evidence that disregards may play an important part in fostering cooperation with child support laws. Results also point to the potential importance of new-hire reporting and fully certified state automated systems, enforcement tools not previously studied in this context.

The analyses reported here rely exclusively on a measure of state disregards. The distinction between the structure and application of state *disregard* and *pass-through* practices is potentially important and bears further comment. The fiscal implications of changes in the pass-through and changes in the disregard are quite different—for both government and low-income families. Disregards increase the income available to families and are designed to foster cooperation with child support enforcement objectives by providing direct economic incentives to do so. A pass-through does not increase the economic resources at the disposal of a welfare recipient. However, a separate check (or electronic deposit) representing a pass-through of child support would provide TANF recipients with better information on the level and reliability of child support—particularly important information as they move off of cash assistance. The public policy debate and the research literature would benefit from clarifying the distinction between the pass-through and disregard of child support.

³⁰Appendix Table A shows the full results of the application of our basic models using administrative data that pertain to the non-AFDC/TANF portion of the IV-D caseload. Appendix Table B shows results when AFDC/TANF and non-AFDC/TANF administrative data are combined.

APPENDIX TABLE A
IV-D Program Outcomes for Non-IV-A (Non-AFDC/TANF) Caseloads, 1985–1998

Independent Variable	Dependent Variables					
	Paternities Established/Non-IV-A Caseload		Non-IV-A Cases with Collections/Non-IV-A Caseload		Non-IV-A Mean Collections/Non-IV-A Cases with Any Collections	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
Maximum effective disregard	-0.0023	0.1808	-0.0280*	0.0614	-0.4080	0.9205
Full automated system certification	-0.5897	0.1360	-9.0210***	0.0059	-888.4618	0.3569
New-hire reporting required	0.2618	0.3316	-0.0858	0.9703	373.3896	0.5539
Immediate withholding (lagged)	0.0941	0.7472	-0.0800	0.9744	-16.0083	0.9813
IV-D program expenditures	0.0152***	< .0001	0.0749***	0.0059	5.8049	0.4335
AFDC/TANF maximum benefit for family of three	0.0006	0.8108	0.0406**	0.0443	-0.9381	0.8651
Female unemployment rate	-0.0025	0.9709	-0.4846	0.4060	135.4590	0.3963
Median income	-0.00801	0.8505	-0.5798	0.1105	112.3350	0.2587
	N = 714		N = 714		N = 714	
	R ² = .4628		R ² = .4408		R ² = .1215	

Note: State and year fixed effects and an intercept are included in all models, but coefficient estimates are not shown.

Bold print indicates statistical significance:

* = p < .10

** = p < .05

*** = p < .01

APPENDIX TABLE B
IV-D Program Outcomes for Total (IV-A plus Non-IV-A) Caseload, 1985–1998

Independent Variable	Dependent Variables					
	IV-D Paternities Established/Total IV-D Caseload		Total IV-D Cases with Collections/Total Caseload		IV-D Collections/All Cases with Any Collections	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
Maximum effective disregard	0.0051***	0.0008	0.0009	0.8463	0.1245	0.8928
Full automated system certification	-0.4193	0.2234	-0.2714	0.7900	-59.1111	0.7771
New-hire reporting required	0.4643**	0.0483	1.8498***	0.0080	30.5243	0.8303
Immediate withholding (lagged)	0.2193	0.3882	0.2059	0.7844	-199.0300	0.1971
IV-D program expenditures	0.0124***	< .0001	0.0070	0.3884	-0.1313	0.9375
AFDC/TANF benefit maximum for family of three	0.0036*	0.0800	0.0168***	0.0059	0.7617	0.5412
Female unemployment rate	-0.2172***	0.0003	-1.0424***	< .0001	41.4342	0.2506
Median income	-0.0974***	0.0087	-0.4789***	< .0001	45.3905**	0.0435
	N = 714		N = 714		N = 714	
	$R^2 = .4737$		$R^2 = .7064$		$R^2 = .5142$	

Note: State and year fixed effects and an intercept are included in all models, but coefficient estimates are not shown.

Bold print indicates statistical significance:

* = $p < .10$

** = $p < .05$

*** = $p < .01$

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