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The Importance of Child Support for Low-Income Families: Summary

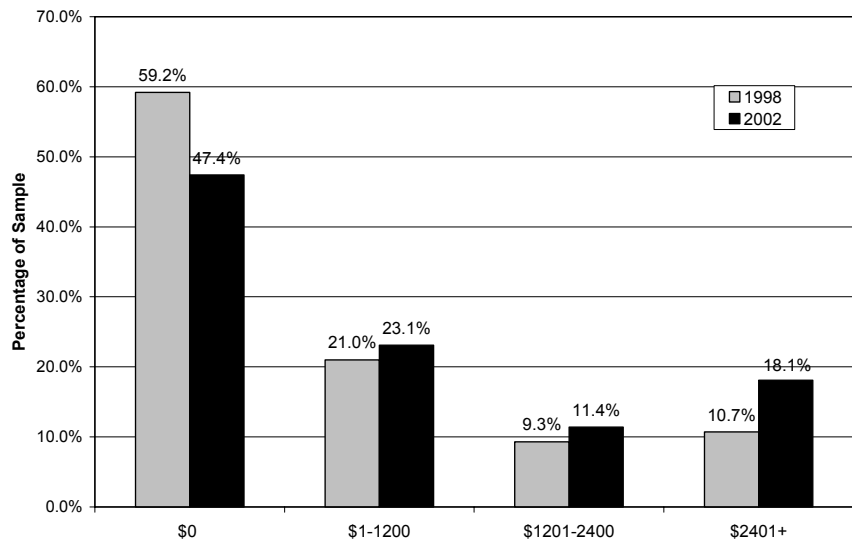
The welfare reforms of the 1990s, with their emphasis on a rapid transition from dependency to self-sufficiency, have given greater urgency to public efforts to increase child support payments as an alternative source of income for poor, single-parent families. Wisconsin's reforms introduced a unique policy that allows custodial mothers to receive all child support paid on behalf of their children, with no reduction in their cash welfare benefits. We used Wisconsin survey data from the Child Support Demonstration Evaluation to assess the importance of child support for mothers entering the state's Wisconsin Works (W-2) program in 1997–98, its first year. To compare a broader group of low-income Wisconsin families with those in other states, we used data from the National Survey of America's Families (NSAF) for families whose incomes without child support are below the poverty line.

1. How much child support do custodial mothers receive?

In the first few years after women in the study sample entered W-2, the percentage receiving no child support at all dropped and the percentage receiving substantial support grew notably (see Figure 1).

NSAF data for Wisconsin show a similar story, with increases in support between 1996 and 1998. The increases in Wisconsin were greater than in the rest of the nation. For example, the proportion of poor single mothers in Wisconsin receiving more than \$2,400 a year grew by 10 percentage points between 1998 and 2002, compared to a rise of only 3 percentage points among mothers in other states.

Figure 1
Percentage Receiving Different Amounts of Child Support in Wisconsin



2. How important is child support in mothers' personal or family income?

From 1998 to 2002, W-2 mothers' total personal income remained around \$11,000–\$12,000, but the sources of that income changed substantially. Earnings rose, on average, from \$4,865 to \$7,109, and W-2 cash benefits declined from \$3,672 to \$855. Child support rose steadily, reflecting both the growing percentage of mothers with any child support and an increase in the average amount received by those mothers. The proportion of mothers for whom child support constituted over 20 percent of income rose from 11.2 to 23.3 percent between 1998 and 2002. Survey data show that family incomes were increased between 1998 and 1999, with the increase coming from increases in earnings, child support, and partners' incomes.

In the national data, family income was higher in 1998 than 1996 in both Wisconsin and elsewhere. Child support was a more important part of income in Wisconsin than elsewhere, being more than 20 percent of income for one in five Wisconsin families, compared to one in ten families in other states.

3. Are the families in greatest need benefiting from child support?

We divided mothers into five income groups (“quintiles”), from lowest to highest, by their incomes before they received child support. W-2 mothers with the lowest income were the least likely to receive support, but mothers in the other four groups were about equally likely to receive support, and that support rose fairly consistently over time, at about the same rate for all groups.

The NSAF data show that low-income Wisconsin mothers in the highest quintile were somewhat more likely to receive support than those in the three lowest quintiles. In the balance of the nation, however, mothers in each quintile received, on average, about the same amount of support. Thus in general child support helps families in all parts of the low-income spectrum, including those most vulnerable to economic hardship.

4. Which types of mothers are more likely to receive child support?

Mothers receiving W-2 were more likely to receive any child support when noncustodial fathers had some contact with their children and when there were more children living with the custodial mother. Divorced mothers were more likely, and women of color less likely, to receive any support and high support in both 1998 and 1999. More educated mothers were more likely to receive some support, though the relationship between education and *high* levels of support was tenuous. Mothers with longer welfare histories were more likely to receive support, perhaps because the child support office had worked with them for a longer time.

The NSAF data show somewhat different national patterns. Contact with the father was associated with any and higher levels of support, and divorced mothers were more likely to receive higher support. But women who had received welfare in the two years before the survey were less likely to receive support. When other characteristics are controlled, mothers in Wisconsin are no more likely to receive child support, though they are more likely to receive high amounts in 1998.

5. Does child support help families move out of poverty?

In 1998 and 1999, around half of the sample of W-2 mothers had incomes below poverty before child support income was added in. In 1999, 46 percent of these families received child support, which brought 8 percent of them out of poverty. Among only those families that received any support, the amounts received moved 17 percent out of poverty in 1999; among those still poor, support reduced the “poverty gap” (the amount of money needed to bring the income of poor families up to the poverty line) by almost 40 percent.

Among low-income families more generally, child support had a much larger income effect in Wisconsin than in the nation as a whole. In 1998, for example, child support brought 23 percent of low-income Wisconsin families out of poverty, compared to only 8 percent in other states. Again, the effect is even larger if we consider only those families that received any support: in 1998, 50 percent of Wisconsin families were brought out of poverty, compared to about 20 percent of families in the balance of the nation.

Conclusions

The Wisconsin CSDE data show that W-2 participants across the income distribution experienced consistent improvements in child support over time; the proportion of mothers receiving over \$200 a month rose by 69 percent. NSAF data, although confirming the greater importance of child support as an income source nationwide, offer a caveat: the superior outcomes in Wisconsin may be explained in large part by differences in family characteristics, and once these are taken into account, low-income families in Wisconsin are no more likely to receive support than families in the balance of the nation. There is suggestive evidence, however, that they are more likely to receive high levels of support. Taken together, these results suggest that a continued focus on improving the effectiveness of the child support system can make a major contribution to the well-being of vulnerable families with children.

The full report, “The Importance of Child Support for Low-Income Families,” by Maria Cancian, Daniel R. Meyer, and Hwa-Ok Park (July 2003), is available on the World Wide Web site of the Institute for Research on Poverty, <<http://www.ssc.wisc.edu/irp/childsupp/csincsrc.pdf>>.