

Child Support

**From Debt Collection
to Social Policy**

EDITORS

**ALFRED J. KAHN
SHEILA B. KAMERMAN**

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SAGE PUBLICATIONS

The Publishers of Professional Social Science
Newbury Park Beverly Hills London New Delhi

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For information address:

SAGE Publications, Inc.
2111 West Hillcrest Drive
Newbury Park, California 91320

SAGE Publications Inc.
275 South Beverly Drive
Beverly Hills
California 90212



SAGE Publications Ltd.
28 Banner Street
London EC1Y 8QE
England

SAGE PUBLICATIONS India Pvt. Ltd.
M-32 Market
Greater Kailash I
New Delhi 110 048 India

Printed in the United States of America

Library of Congress Cataloging-in-Publication Data

Main entry under title:

Child support.

Includes index.

1. Child support—Cross-cultural studies.
 2. Child support—Government policy—Cross-cultural studies.
 3. Child support—United States.
 4. Child support—Government policy—United States.
- I. Kahn, Alfred J., 1919- II. Kamerman, Sheila B.
HV713.C3828 1987 362.7'1 87-12043
ISBN 0-8039-2979-X

FIRST PRINTING

Child Support

CONTENTS

Acknowledgments	7
PART A—THE BACKDROP	
1. Child Support in the United States: The Problem <i>Alfred J. Kahn and Sheila B. Kamerman</i>	10
2. The Child Support Enforcement Program in the United States <i>Lowell H. Lima and Robert C. Harris</i>	20
PART B—INTERNATIONAL DEVELOPMENTS	
Introductory Note: Child Support in Europe and Israel <i>The Editors</i>	45
3. Denmark <i>Rita Knudsen</i>	50
4. Sweden <i>Soren Kindlund</i>	74
5. Austria <i>Gerhard Hopf</i>	93
6. Israel <i>Nira Shamai</i>	111
7. The Netherlands <i>Casper Wiebrens</i>	132
8. England and Wales <i>John Eekelaar</i>	153
9. Child Support in Europe: A Comparative Overview <i>Peter Dopffel</i>	176

PART C—THE UNITED STATES

Introductory Note	
<i>The Editors</i>	225
10. Reflections on Child Support	
<i>Harry D. Krause</i>	227
11. Child Support Myths and Reality	
<i>Lenore J. Weitzman</i>	251
12. Marital Disruptions, Child Custody, and Visitation	
<i>Frank F. Furstenberg, Jr.</i>	277
13. Child Support: A Father's View	
<i>Ron Haskins</i>	306
14. Child Support Assurance: A New Tool for Achieving Social Security	
<i>Irwin Garfinkel</i>	328
15. The Federal Government and a Program of "Advance Maintenance" in the United States	
<i>David L. Chambers</i>	343
16. U.S. Issues in International Perspective	
<i>Sheila B. Kamerman and Alfred J. Kahn</i>	350
Index	377
About the Authors	381

ACKNOWLEDGMENTS

We wish to thank the Ford Foundation, which, in funding this activity, again supported our efforts to bring cross-national societal learning to bear upon American issues.

We also are in the debt of foreign scholars and governments, the U.S. Office of Child Support, and the American researchers who shared this exploration and contributed to its rich and stimulating outcomes.

—Sheila B. Kamerman
& Alfred J. Kahn
Columbia University



Part A

The Backdrop

1

Child Support in the United States: The Problem

Alfred J. Kahn

Sheila B. Kamerman

About 60% of the children born in the 1980s will live in a single-parent family for at least some time before they are 18.¹ In 1985, almost one quarter of all children lived in such a family; almost 90% of these children lived in families headed by divorced or separated mothers, and to a much lesser extent, by never-married mothers.² Widows, the only group among single mothers likely to have adequate income, largely because of survivor's benefits under social security, are raising only 7% of the children in mother-only families.

In 1985, the poverty rate for children in female-headed families was 54%, in contrast to a 12% rate for children in all other families.³ Even when mothers work—and most are in the labor force today—earnings may still be inadequate to bring family income above the poverty level. Women working full-time at a minimum wage job still end up with income below the poverty threshold for a family of 3—a mother and 2 children—the typical mother-only family of the 1980s. At best, one average wage is inadequate for a decent standard of living, and most women earn far less.

The lack of financial support from the absent parent, usually the father, is a major factor in child poverty. Although it is the children in female-headed families who suffer the most from the absence of a second parent's economic support, children in reconstituted families are affected, too, though far less seriously. Of all women potentially eligible to receive child support in 1983, less than 60% were awarded it. Of the 60% expected to receive it, less than half received the full amount and 24% received nothing. In effect, more than half of these families received no child support in 1981.⁴

When support is entirely lacking or inadequate, and when the custodial parent, usually the mother, has no or low income, Aid to Families with Dependent Children (AFDC) and other related government income transfers may be available as a substitute. Although the program was originally designed to serve orphans, more than 83% of the AFDC caseload is now families headed by divorced, separated, or never-married mothers. But AFDC, even including food stamps, is still not enough in any state to provide income equal to the poverty threshold, and most agree that the poverty level is a very low standard of living.

How to assure children an adequate income and standard of living, and how to ensure that parents fulfill their support obligations to their children, are the central components of the child support problem.

The Historical Background

Beginning as early as 1950, and then again in 1965 and 1967, Congress made several efforts to strengthen the law on behalf of children deprived of their parent's support because of desertion or illegitimacy, but with little success.⁵ The number of children deserted by their fathers grew significantly during these years, as did the number of women turning toward public aid (AFDC) as a consequence. By the early 1970s, new Congressional initiatives were begun with the specific objective of getting states to improve their program of establishing and collecting child support obligations. These efforts culminated in 1975 in the enactment of the present Child Support Enforcement (CSE) program, Title IV D of the Social Security Act.

The enactment of the CSE program has been described as representing "a major new commitment on the part of Congress to address the problem of nonsupport of children."⁶ The purpose of the current program is specifically stated in the law as "enforcing the support obligations owed by absent parents to their children and the spouse (or former spouse) with whom the children are living, locating absent parents, and establishing paternity and obtaining child and spousal support."⁷ The structure of the program leaves basic responsibility for child support and establishment of paternity to the states, but the federal government plays a major role in providing technical assistance, and, under certain circumstances, in undertaking to give states assistance in

locating absent parents and in obtaining support payments from them. The program provides child support enforcement services for both welfare and nonwelfare families. The statute also includes a provision allowing garnishment of wages and other payments made by the federal government for enforcement of child support and alimony obligations. The federal government pays 70% (75% until changed in 1982 legislation) of state and local administrative costs for services to both AFDC and non-AFDC families.

Child support collections made on behalf of AFDC families are used to offset the cost of welfare payments. Until the 1984 amendments, the AFDC family received no direct financial benefit from this because support payments made on behalf of AFDC children were paid to the state for distribution rather than directly to the family. If the support payment was equal to or less than the AFDC benefit in that state, the family received its full AFDC grant and the child support was distributed to reimburse state and federal governments in proportion to their contributions to AFDC. If the payment was more, the family received the difference. To illustrate how the system worked for an AFDC family: In an eight-country study of how income transfers affected the incomes of families with children (social insurance benefits, family allowances, social or public assistance, income and payroll taxes), the absence of any financial impact from child support payments on the income of a U.S. single mother receiving AFDC was dramatic; only the state budget benefitted.⁸

The 1984 legislation (included in the Deficit Reduction Act) created a \$50 per month child support disregard to AFDC applicants and recipients. Since October 1, 1984, the first \$50 per month per family of child support collected has been disregarded both to determine eligibility and to calculate the amount of benefits. Amounts actually collected (up to \$50) must be forwarded to the family. For the first time since 1976, when a previous (and smaller) disregard provision expired, AFDC families benefit directly from child support efforts on their behalf. For example, if an absent parent pays \$80 in monthly support payments on behalf of two children receiving AFDC, the AFDC family is entitled to receive \$50 in child support in addition to a full AFDC grant (assuming the family has no other income). Because the child support is disregarded for AFDC purposes but not for food stamps, however, the family does not receive the full value of the disregard.

The CSE program has grown significantly since its implementation in 1975. From that year through fiscal year (FY) 1984, almost \$16 billion in

child support payments have been collected, \$6.8 billion on behalf of AFDC families and \$9.1 billion on behalf of non-AFDC families. Collections have increased almost fivefold since 1976 and more than four times as many parents were located in 1985 as in 1976. Paternity was established in more than 11 times as many cases and support orders increased from 24,000 to 661,000 in 1985. However, only 7.3% of AFDC payments were recovered through this program in 1985; only about 10% of the absent parents of AFDC children paid support; and only about \$1.38 was collected for each dollar spent on administrative costs related to collecting payments on AFDC cases. Major variations exist among states in scope and effectiveness of all CSE aspects.⁹ There is recognition that while the \$50 disregard probably helps, the AFDC mother and the low-income supporting father still do not see the effort as improving the economic status of the children involved since the payments are used largely as AFDC offsets.

Broadening the Perspective

Despite the achievements of the CSE program, the experiences in the years following its establishment do not suggest that a solution to the problems of absent or inadequate child support has been found, let alone a solution to the problem of child poverty.

At an earlier major multidisciplinary conference on child support held in 1981, under the joint sponsorship of the University of Wisconsin's Institute for Research on Poverty, the State of Wisconsin's Department of Health and Human Services, and the Ford Foundation, an attempt was made to bring the best of current research to bear on the child support problem and on the development of possible strategies for solving the problem.¹⁰ Among the questions addressed were:

- What is the scope of the problem of inadequate or nonexistent child support?
- What is the pattern of public and private provision of child support and what are the implications of the pattern and of the level of support provided?
- How can children affected by this problem be assured of at least a minimally adequate standard of support?

One pervasive theme of the conference was that a central child support problem is inadequate enforcement of the absent parent's

support obligation. This has been the focus of most subsequent policy discussions.

A second theme, one that has received much less attention, was the complexity of setting support levels. Should they be based on some absolute standard of need or on a relative standard instead, in relation to what a parent can afford? Should the level be set in relation to the absent parent's income only or should the custodial parent's income be taken into account also?

A third theme, also underplayed in subsequent discussions, was the search for an alternative policy device that would assure children at least a minimally adequate income standard. After all, as inadequate as child support is generally, it is far worse for children in low-income families. Among poor women potentially eligible for child support, only 40% received support awards and only 60% of those actually received any support. In effect, three-quarters of those poor single mothers received no child support at all, and a significant proportion of the less than one-quarter receiving support received very little.

The primary focus of the CSE program continues: to try to make child support enforcement work, and now, to make the program available to all single mothers regardless of their economic situation. The 1984 Child Support Enforcement Amendments expanded the original IVD statement of purpose to specifically guarantee services to non-AFDC children. A major focus of this law is to ensure that all children in the United States for whom assistance in receiving financial support from their parents is requested will receive such assistance regardless of whether or not they are eligible for—or receiving—AFDC. A variety of strategies are mandated, including wage garnishment, tax offsets, debt liens, and paternity tests.

An experiment has begun in the state of Wisconsin to test out a new system of establishing, collecting, and distributing child support payments. This proposed Child Support Assurance Program consists of four elements: (1) a formula for establishing child support obligations, (2) a collection procedure that relies on universal wage withholding, (3) a guaranteed minimum benefit, and (4) a custodial parent tax.¹¹

Still other devices are being sought. There is interest in relevant experience concerning which strategy is likely to be most effective in the collection and enforcement of child support.

The remaining two issues, however—the adequacy of the support received by the child, and the criteria for establishing the support level—have been left in abeyance, yet surely need attention.

TABLE 1.1
Program Performance

Performance Indicator	(FY 1984 Data)		
	Ten Best States	National Average	Ten Worst States
AFDC payments recovered	15.7%	7.0%	3.9%
AFDC parents absent from the home paying child support	25.0%	10.5%	4.1%
Cost effectiveness ratio of AFDC collections to total administrative costs	\$2.44	\$1.38	\$0.56
Ratio of non-AFDC collections to total administrative costs	\$5.89	\$1.91	\$0.24

SOURCE: Federal Office of Child Support Enforcement.

The International Experience

Similar social and demographic developments coupled with growing concern regarding child well-being and increased awareness of the constraints on public expenditure have led to new initiatives in other industrialized countries, too. Several countries have instituted special child support programs, including Austria, Denmark, F.R. Germany, France, Israel, Sweden, and the Netherlands.¹²

Two developments in these countries are particularly noteworthy. First, a public authority, often the social security agency, guarantees a specified level of child support by advancing support payments to the custodial or caretaking parent if payment is not regularly provided by the absent parent or if payment is not made at all. In addition, the same or another public agency assumes responsibility for the collection of child support from the absent parent, crediting what is collected against the payments advanced. Within this framework, policies vary across countries depending on whether the public authority acts for all single parents or only for low-income women, whether a court order is required for the process to be initiated, whether the support is for mother and child or only for the child, and whether the primary concern is with reducing the burden on the public purse or assuring adequate support for the child.

The Potential For Societal Learning

Current policies in the United States and other industrialized countries are predicated on the assumption that parents are legally responsible for the maintenance of their minor children. Thus a primary concern in all these countries is to ensure parental fulfillment of support responsibilities. However, when the absent parent fails to provide payment for child support, or when payments are irregular or inadequate, authorities in the United States as well as in most of the other countries intervene either to enforce parental support responsibilities, or to assure children adequate income, or both. The strategies for intervention and the sequence of interventions, as well as the short-term objectives, may vary from country to country, but the ultimate goal is to ensure income to those rearing children of divorced, separated, or never-married parents.

The major focus of United States policy debate since the passage of Title IVD in 1975 has been on the problem of enforcing parental support obligations, first for children receiving AFDC and now, increasingly, for all children. One new system is being tested on an experimental basis in Wisconsin. The federal OCSE is interested in identifying other strategies and exploring their possible effectiveness. There are other aspects of the child support problem that are clearly important, too, but these are not now receiving adequate attention.

In a world increasingly described as a *global village* and a *world economy*, it is difficult, if not impossible, to deny the potential for learning that the experiences of other countries provide. In the social policy arena, the worldwide development of social security is the prime example of how countries can learn and adapt from one another. In the arena of manufacturing, productivity, and industrial management, the current fascination in the United States with Japan is another example.

Although there are those who are dubious about the value of cross-national experience for societal learning, child support is an issue in which there is a prior history of such learning. The 1975 legislation drew on the Swedish experience when establishing a *Parent Locator* program, as well as with regard to establishing paternity and certain other aspects.¹³ Now the international experience is more diverse. While the Swedish experience is the best reported in the literature, the Danish system is by far the oldest, dating back to the end of the nineteenth