



Testimony of Joan Entmacher

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Chairman Herger and Members of the Human Resources Subcommittee, thank you for this opportunity to testify about the impact of the 1996 Congressional child support reforms on the child support system and proposals to better serve custodial and noncustodial parents and their children.

I am testifying today on behalf of the National Women's Law Center. The Center is a nonprofit organization that has worked since 1972 to advance and protect women's legal rights. Since the creation of the child support enforcement program under Title IV-D of the Social Security Act in 1975 (the "IV-D program"), the Center has worked at the state and federal level to improve the federal/state child support system, and has provided information to women across the country about their rights to child support enforcement services. The Center also is engaged jointly with the Center on Fathers, Families and Public Policy in the Common Ground Project. This Project brings together public policy advocates, practitioners and researchers who work with low-income mothers and fathers to develop and advance child support, welfare, and family law policies that foster effective co-parenting relationships between low-income parents and increase economic and emotional support for children. The first report of the Common Ground project, *Family Ties: Improving Paternity Establishment Practices and Procedures for Low-Income Mothers, Fathers and Children* was issued last year.¹

To summarize: The child support reforms enacted by Congress in 1996 have substantially improved the performance of the child support program. Preliminary data show that the collection rate has doubled in the last five years. But even with further improvements in collection rates, the amount of child support actually received by poor children will be limited by two factors: the child support program's continued mission of recovering welfare costs, rather than helping families achieve self sufficiency, and the limited capacity of noncustodial parents who are poor themselves to pay child support. H.R. 1471 would help address both of these issues. The assignment and distribution reforms in H.R. 1471, when fully implemented, would give an additional \$1 billion per year in child support to low-income custodial parents and children, instead of to the government for welfare reimbursement, allowing these payments by noncustodial parents to make a direct contribution to their children's well-being. In addition, H.R. 1471 would provide funding for demonstration projects to improve services for low-income noncustodial parents, an area where additional research is needed. However, to bring families out of poverty, not just off of welfare, we will need to do much more to support the efforts of custodial and noncustodial parents, mothers and fathers, in the next phase of welfare reform.

The 1996 Reforms Have Substantially Improved the Child Support Program

In 1996, Congress approved sweeping reforms of the child support enforcement system, designed to make it a more automated, integrated, and nationwide system. Implementing these reforms has not been easy, and the process is not yet complete in a number of states.² However, preliminary data show that the new national databases, automated case processing, and enforcement tools required by Congress are making a major difference for the program -- and for many children.

Between 1995 and 2000, the collection rate for cases with orders in the IV-D program doubled. In 1995, even after a support order was put in place, collections were made in only about a third (34 percent) of cases. In 2000, collections were made in more than two-thirds (68 percent) of IV-D cases with orders. In addition, the percentage of cases with orders increased, from 57 percent in 1995 to 61 percent in 2000. Overall, collections rose by 64 percent, from \$11 to \$18 billion.³

The improvements that Congress has promoted in child support enforcement -- not just in the last five years, but since the program was created -- have been particularly dramatic for low-income, never-married mothers and their children. The percentage of never-married mothers receiving child support increased by more than 400 percent between 1976 and 1997, from 4 percent to 18 percent.⁴ Improved child support enforcement between 1978 and 1998 has increased the incomes of single mothers by 16 percent and the incomes of single mothers with a high school degree or less by 21 percent.⁵

Receipt of child support can contribute substantially to family income. Elaine Sorensen's analysis of data from the 1997 National Survey of America's Families shows that child support accounts, on average, for 16 percent of the family income of all families who receive it. Child support represents an even larger proportion of income -- 26 percent -- for poor families who receive it. And for poor children not on welfare, whose parents may keep all current support collected, child support provides, on average, 35 percent of family income -- when families receive it. However, only 29 percent of poor children who have a parent living elsewhere live in families that receive child support.⁶

There is still plenty of room for improvement in the child support enforcement system. Although the overall trends are very encouraging, progress is uneven among the states. In 1999, the latest year for which such state-by-state IV-D data are available, the five best-performing states collected support in over 80 percent of their cases with orders, as compared to 62 percent nationally. However, in the five worst-performing states, collections were made in less than 40 percent of cases with orders.⁷ Although a number of factors may contribute to differences in performance among states, the level of investment in the program plays a key role; states that make substantial investments in child support enforcement achieve better results than states that do not.⁸

It is important to continue to work to strengthen the IV-D program, and H.R. 1471 includes a number of important enforcement reforms. Title II of H.R. 1471 would require IV-D agencies to review and modify child support orders for TANF recipients every three years, and to do a complete case review for families leaving TANF to ensure that every effort is made to help

them secure child support. Title IV would expand the use of passport sanctions to obtain child support, allow the tax refund intercept program to be used to collect past-due child support for children who are no longer minors, and permit the garnishment of veterans' benefits for child support in certain circumstances.

We also are pleased that H.R. 1471 does not include proposals advanced in the last Congress that would give private, for-profit collection companies access to confidential government databases and enforcement tools. Such proposals could undermine the child support enforcement program and reduce the support actually received by children, as I and other witnesses testified to this Subcommittee last year.⁹

However, even with improved enforcement by the IV-D program, the amount of child support many poor children can expect to receive will remain limited for two reasons. First, the child support payments may go not to children and parents struggling to achieve self-sufficiency, but to the state and federal governments as reimbursement for public assistance. Second, some of the noncustodial parents of poor children – mostly fathers¹⁰ – are poor themselves, and have limited capacity to pay child support (see discussion below).

The Assignment and Distribution Reforms in H.R. 1471 Would Increase Child Support for Poor Children

H.R. 1471 would do much to address these fundamental issues. The distribution reforms in Title I, when fully implemented, would direct more than \$1 billion a year in additional child support to low-income families,¹¹ increasing the economic security of children and custodial parents and encouraging noncustodial parents to pay child support.

When the federal-state child support program was established in 1975, its primary goal was to reimburse public welfare costs. Families receiving public assistance were, and still are, required to assign their rights to child support to the state. But, from the beginning, the program also served families not receiving public assistance, and, over time, the proportion of families served by the IV-D program who were not receiving public assistance grew. Today, families receiving Temporary Assistance for Needy Families (TANF) represent only about 20% of child support cases. However, most of the families served by the program are low and moderate income; over 75% have incomes below 250% of poverty.¹²

The child support program thus has two often competing goals: recovering government welfare costs and securing child support for children, or, in the words of the American Public Human Services Association, “retaining collections from and giving collections to families.”¹³ Attempts to reconcile these conflicting objectives have spawned a complex system of rules governing the distribution of collected child support that is costly to administer, virtually impossible to explain, and deeply frustrating to low-income mothers and fathers who want child support to go to children.

As the participants in our Common Ground project explained, the continued emphasis on using the child support system to reimburse the government can deprive children of the child support they need, generate hostility toward the child support program, and create tensions between parents. Mothers are frustrated that they are not receiving help from the father; fathers

are frustrated because they are making payments, but their efforts are not making a difference for their children. And the effects of these policies can be felt by families even after they leave TANF and are entitled to receive current support payments. In some circumstances, most notably when child support is collected through intercepting federal tax refunds, child support collections will go to repay government arrears before the family's, even when the family is struggling to avoid a return to welfare. And the burden of repaying large debts to the government -- for Medicaid reimbursement or past public assistance -- may interfere with the ability of a low-income father to make current support payments.¹⁴

Changing the distribution rules must be a key element of any effort to promote responsible fatherhood. Fatherhood programs will have a hard time persuading low-income fathers that they should pay child support through the formal child support system because "it's good for your kids," if little if any of the money they pay goes to their children, as the experience of the Parents Fair Share program suggests.¹⁵ In addition, the results of Wisconsin's child support experiment show that changing the rules so that child support goes to children increases both the amounts that mothers receive and that fathers pay.

In Wisconsin's W-2 program, for most custodial parents receiving cash assistance, all child support paid was passed through and disregarded in calculating their grant. A randomly assigned control group received only a partial pass-through and disregard of child support. Comparing those in the full pass-through group with a control group receiving only part of what is paid, researchers found that:

- mothers received more child support;
- fathers were more likely to pay child support;
- the largest effects were for cases new to the welfare system, suggesting that the impacts would be even greater in the future as the proportion of new cases grows; and
- there was little or no overall government cost, because the money no longer retained by the state was offset by other savings in government programs.¹⁶

Title I of H.R. 1471 would help move the child support program away from cost recovery and toward family support in three important ways. First, it would simplify the assignment and distribution rules, and give families that left TANF first claim to the child support paid on their behalf. Second, it would give states more flexibility to adopt the child support pass-through and disregard policies that promote their welfare reform goals. It would not require states to pass through child support to families receiving TANF. However, to the extent that a state chose to pass through child support to families receiving TANF and disregard the support in calculating the amount of assistance, up to a certain limit, the federal government would forgo the federal share. Third, it would direct states not to use the child support system to collect Medicaid birthing costs -- the type of impossibly large state debt, unrelated to ability to pay, that can make it difficult for low-income noncustodial parents to make current support payments, and discourage them from even trying.

These changes would have multiple benefits for parents, children, and the child support system. The extra money -- over \$1 billion a year when the changes are fully implemented -- could make a real difference for low-income custodial parents and children. And beyond the money, both parents and children would have the satisfaction of seeing the child support

payments made by noncustodial parents contribute directly to their children's well-being. The simplification in the assignment and distribution rules also would reduce administrative costs for states, and errors and delays in getting child support to families once they have left welfare.¹⁷

There are additional advantages to be gained by enacting the distribution reforms in H.R. 1471 this year, rather than waiting for TANF reauthorization. Simplified distribution rules will save states that are still developing their statewide child support computer systems, most notably California, time and money in system development. States will be able to plan for and adjust to these reforms before they have to deal with all the other changes TANF reauthorization will bring. And states that want to implement distribution reform quickly will be able to do so.

H.R. 1471 Would Fund Demonstration Projects Serving Low-Income Noncustodial Parents

Improving child support enforcement and giving child support to children will help many low-income parents and children. But when both parents are poor, income transfers between parents, and even marriage, will not provide parents with the resources they need to give their children a better life.

The focus of this hearing is on "fatherhood proposals." But before turning to such proposals, I would emphasize the need to improve services for *both* parents to increase their ability to provide support to their children, as participants in the Common Ground project recommend.¹⁸ Although many custodial mothers have left welfare and found jobs since PRWORA was adopted, many are still poor or near poor.¹⁹ Indeed, the disposable incomes of the poorest fifth of single mothers declined between 1995 and 1999.²⁰ The jobs most women who leave welfare find are typically low wage, lack benefits, often have nonstandard hours, and offer little stability or room for advancement.²¹ To bring children out of poverty, not just off of welfare, we need to do more to increase the earning capacity of custodial and noncustodial parents, mothers and fathers, in the next phase of welfare reform.

But while services for both parents need improvement, there is clearly a difference in the amount of research available on the effectiveness of strategies for serving low-income custodial parents, mostly mothers, as compared to the effectiveness of strategies for serving low-income noncustodial parents, mostly fathers.

There is a large body of research, spanning decades, on welfare-to-work strategies targeting custodial mothers. We now know much more than we did a few years ago about the circumstances of noncustodial fathers.²² We know that some noncustodial fathers have very low or irregular earnings, limiting their capacity to provide adequate, regular child support.²³ Indeed, research into the circumstances of "fragile families," is finding, in the words of researcher Sara McLanahan, that new unmarried parents are alike in having "high hopes" for their children -- but "low capacities" to provide for them.²⁴ However, there is only one completed evaluation of the effectiveness of a program targeting low-income noncustodial parents, the Parents' Fair Share Demonstration. Although some other projects are underway, and will be evaluated, there is a need for additional demonstration projects to identify the best ways to help this large, diverse, but difficult to reach population.

H.R. 1471 would provide funding for a competitive matching grants program for projects designed to promote marriage, successful parenting, and to help fathers and their families avoid or leave cash welfare and improve their economic status. Services must be directed to low-

income parents: fathers (and, under the nondiscrimination clause, mothers) of children who are or recently have been TANF recipients or whose own income is less than 150 percent of poverty, or, for up to 25 percent of participants, who are at risk of parenthood outside of marriage. Grantees must make available to each participant information about the causes of domestic violence and child abuse and local programs to prevent and treat abuse. In the competitive grant process, preference is to be given to programs that, among other things, offer specific methods to encourage or sustain marriage; have plans for actions to encourage or facilitate the payment of child support; have cooperative agreements with other private and governmental agencies, including the state TANF, child support, and child welfare agencies, the local workforce investment board, and community-based domestic violence programs; and have clear strategies for recruiting participants, especially new parents. The bill provides funding for an evaluation of projects by HHS, in consultation with the Department of Labor, to assess their effects on marriage, parenting, employment, earnings, payment of child support, and incidence of domestic violence, using random assignment whenever possible.

We welcome the emphasis in H.R.1471 on encouraging demonstration projects that serve low-income parents, have strategies for increasing payment of child support, work in partnership with other government and community agencies, and address domestic violence. We understand that many members of Congress, in addition to increasing emotional and economic support for children from both parents, want to promote marriage. Indeed, marriage is a goal and a value shared by many low-income parents.²⁵ There is a risk, however, that requiring grantee projects to promote marriage too aggressively or too early may make it more difficult to reach the parents who need services the most, or encourage relationships that pose risks to the other parent or child.²⁶ Programs that focus on helping young parents to improve their job prospects, nurturing, and relationship skills, and address domestic violence -- as some have put it, making them more marriageable²⁷ -- may do more to promote good marriages than encouraging marriage before parents are ready. We hope that this Subcommittee will make it clear that such programs are eligible for funding under H.R. 1471.

H.R. 1471 will do much to help low-income mothers and fathers who are struggling to provide for their children. A similar bill, H.R. 4678, passed the House last year with an overwhelming, bipartisan vote of 405-18. We hope this subcommittee will act quickly and favorably on this proposal.

Endnotes

1. The *Family Ties* report is available on the web at <http://www.nwlc.org/pdf/commgrnd.pdf>, or on request from the National Women's Law Center or the Center for Fathers, Families and Public Policy.
2. Several states -- California, Michigan, Ohio, Nebraska, South Carolina, and the Virgin Islands -- do not yet have computer systems meeting the requirements Congress established in 1988. <http://www.acf.dhhs.gov/programs/cse/stsys/reviewd.htm> (last visited 6/26/01).
3. The 1995 data are from U.S. Department of Health and Human Services, Office of Child Support Enforcement, *Child Support Enforcement: Twentieth Annual Report to Congress for Period Ending September 30, 1995*. The 2000 data are from U.S. Department of Health and Human Services, Administration for Children and Families, Press Release January 17, 2001, "HHS Announces New Record Child Support Collections," <http://www.acf.dhhs.gov/news/press/2001/cse2001.htm> (last visited 6/22/2001) and unpublished OCSE data compiled by Vicki Turetsky, Center for Law and Social Policy.

4. Elaine Sorensen and Ariel Halpern, *Child Support Enforcement Is Working Better Than We Think*, Urban Institute No. A-31 (March 1999)(based on self-reports of custodial parents in the March Current Population Surveys, not IV-D administrative data).
5. Irwin Garfinkel, *Assuring Child Support in the New World of Welfare* 10, Conference on the New World of Welfare, Washington, DC (2000).
6. Elaine Sorensen and Chava Zibman, *Child Support Offers Some Protection Against Poverty*, Urban Institute No. B-10 (March 2000).
7. Office of Child Support Enforcement, *Child Support Enforcement FY 99 Preliminary Data Report* (2000). Based on the 1997 National Survey of America's Families, which provides detailed data on 13 states, Sorensen found a similar disparity in performance. In the best- performing state, 30 percent of children with a parent living elsewhere who have a child support order received the full amount due; in the worst-performing state, 14 percent of children received the full amount due. Sorensen, *Child Support Offers Some Protection Against Poverty, supra*.
8. Irwin Garfinkel, Theresa Heintze, and Cheien-Chung Huang, *Child Support Enforcement: Incentives and Well-Being* 14, Paper Presented at the Conference on Incentive Effects of Tax and Transfer Policies, Washington, DC (2000); Michael Fishman, John Tapogna, Kristen Dybdal, and Stephanie Laud, *Preliminary Assessment of the Association Between State Child Support Enforcement Performance and Financing Structure*, Lewin Group (2000), http://www.acf.dhhs.gov/programs/cse/rpt/cse_working_paper_new.pdf; Vicki Turetsky, *You Get What You Pay For: How Federal and State Investment Decisions Affect Child Support Performance*, Center for Law and Social Policy (1998), <http://www.clasp.org/pubs/childenforce/ncsea2.htm>.
9. Joan Entmacher, Testimony Before the Subcommittee on Human Resources of the House Committee on Ways and Means, Hearing on Child Support Enforcement, May 18, 2000, <http://waysandmeans.house.gov/humres/106cong/5-18-00/5-18entm.htm>.
10. In 1997, custodial mothers represented 85 percent of custodial parents, and the poverty rate for custodial mothers (32.1 percent) was three times the poverty rate for custodial fathers (10.7 percent). U.S. Census Bureau, *Child Support for Custodial Mothers and Fathers: 1997*, P60-212 (October 2000).
11. NWLC calculations based on preliminary CBO estimate of the federal budget effects of the Child Support Distribution Act of 2000, H.R. 4678, as passed by the House September 7, 2000, which is virtually identical to H.R. 1471.
12. U.S. Department of Health and Human Services, ASPE, *Characteristics of Families Using Title IV-D Services in 1995* (May 1999). See also Vicki Turetsky, *What If All the Money Came Home?*, Center for Law and Social Policy (2000), <http://www.clasp.org/pubs/childenforce/pilr2300.htm>.
13. American Public Human Services Association, *Crossroads: New Directions in Social Policy* 59 (2001).
14. *Family Ties, supra*, at 9-11.
15. See Earl Johnson, Ann Levine, and Fred Doolittle, *Fathers' Fair Share: Helping Poor Men Manage Child Support and Fatherhood* 93 (1999).
16. Daniel Meyer and Maria Cancian, *W-2 Child Support Demonstration Evaluation Phase 1: Final Report: Executive Summary*, Institute for Research on Poverty, University of Wisconsin (2001), <http://www.ssc.wisc.edu/irp/csde/phase1-vol1-es.htm>.

17. See *Crossroads*, *supra*, at 60-61.
18. *Family Ties*, *supra*, at 12 and 28.
19. Richard Wertheimer, *Working Poor Families with Children: Leaving Welfare Doesn't Necessarily Mean Leaving Poverty*, Child Trend Research Brief, May 2001.
20. Wendell Primus *et al.*, *The Initial Impacts of Welfare Reform on the Incomes of Single-Mother Families* viii-x, Center on Budget and Policy Priorities (1999).
21. See, e.g., Julie Strawn and Karin Martinson, *Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce*, Manpower Demonstration Research Corporation (2000); Pamela Loprest, *How Families That Left Welfare Are Doing: A National Picture*, New Federalism: National Survey of America's Families, The Urban Institute, Washington, D.C. (Aug. 1999), http://newfederalism.urban.org/html/series_b/anf_b1.html.
22. There is little research about the circumstances of the 15 percent of noncustodial parents who are mothers.
23. For a summary of earlier research on noncustodial fathers, see Irwin Garfinkel, *et al.*, *A Patchwork Portrait of Nonresident Fathers*, in *Fathers Under Fire: The Revolution in Child Support Enforcement* at 31-60 (Irwin Garfinkel *et al.*, eds., 1998). For more recent research see, e.g., Elaine Sorensen and Chava Zibman, *Poor Dads Who Don't Pay Child Support: Deadbeats or Disadvantaged?*, Urban Institute No. B-30 (April 2001); Fragile Families Research Brief No. 3, *Unwed Fathers, the Underground Economy, and Child Support Policy*, Bendheim-Thoman Center for Research on Child Wellbeing and Social Indicators Survey Center, Columbia University (January 2001).
24. Sara McLanahan, presentation at the Brookings Institution, Stakeholder Seminar, Welfare Reform and Beyond, June 18, 2001. Compare Aurora Jackson, Marta Tienda and Chien-Chung Hun, "Capabilities and Employability of Unwed Mothers," *23 Children and Youth Services Review* 327-351 (2001), with Lauren Rich, "Regular and Irregular Earnings of Unwed Fathers," *23 Children and Youth Services Review* 352-376 (2001).
25. Maureen Waller, "High Hopes: Unwed Parents' Expectations About Marriage," *23 Children and Youth Services Review* 441-469 (2001).
26. Most of the unwed parents in the Fragile Families study were involved in a relationship with each other at the time of the birth of their child. However, among men who were no longer involved in a relationship with the mother, the reported incidence of substance abuse, mental health problems, and domestic violence was substantially higher. Melvin Wilson and Jeanne Brooks-Gunn, "Health Status and Behaviors of Unwed Fathers," *23 Children and Youth Services Review* 377-401 (2001). See also Kathryn Edin, Testimony Before the Subcommittee on Human Resources of the House Committee on Ways and Means, Hearing on Welfare and Marriage Issues, May 22, 2001, <http://waysandmeans.house.gov/humres/107cong/5-22-01/5-22 edin.htm>.
27. Testimony of Jeffrey M. Johnson Before the House Committee on Ways and Means, Subcommittee on Human Resources, Hearing on Fatherhood Legislation, October 5, 1999, <http://waysandmeans.house.gov/humres/106cong/10-5-99/10-5john.htm>.