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Child Support Services And Non-Welfare Families

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Under the law, Child Support Enforcement services are supposed to be available to all single-headed families with absent parents who are not paying support, or not paying enough support. Using Alabama as a case study, it was determined that factors operating at the agency level effectively control how many non-public assistance clients are being served. The number of non-AFDC clients was found to be a function of the number of AFDC clients rather than a function of the free-market of services. It is proposed that the incentive structure for collections, which limits incentive payments for non-AFDC to 115 percent of AFDC collections, is a key factor. Methods of advertising, or marketing of services to non-AFDC populations may be used as tool to control access to information regarding agency services.

Introduction

Child Support Enforcement (CSE) services for non-welfare families have been a part of the CSE program since 1975 with the passage of Title IV-D of the Social Security Act. Despite the inclusion of non-welfare families, services were not, generally, provided to this population (Lima & Harris, 1988). These services were reaffirmed by the Child Support Amendments of 1984 which clearly established that child support obligations were not to be confined to Aid to Families with Dependent Children (AFDC) cases (Stuart 1986, p. 204). The Family Support Act of 1988 again confirmed this obligation.

The author wishes to express appreciation to Dr. Hugo Varela for his assistance with the data analysis and Rose Marie Childress, Child Support Enforcement office director, for her professional insight.

Non-payment of child support has become one of the most pervasive of social problems (Dobelstein, 1990), affecting not only families in poverty but middle and upper-middle class families as well. However, most CSE services are directed at collecting from fathers of welfare clients (Cassetty, 1978; Kahn & Kammerman, 1988; Congressional Research Service, 1989; Miller, 1990). States, in an attempt to control welfare costs, seek to recover welfare expenditures from the responsible father and establish him, rather than the state as the financial provider. This research focuses on CSE services to non-welfare families. As CSE agencies have become a vital resource to families in securing child support from non-paying parents, assuring these services are provided to non-welfare clients is just as important as assuring services are provided to welfare clients.

Non-Payment of Child Support as a Social Problem

Financial support of one's children is a legal responsibility (Krause, 1983). However, without a support order and other enforcement measures, such as wage withholding, the absent parent often does not provide for the children concerned (Congressional Research Service [CRS], 1989). The Child Support Enforcement office is by law, supposed to provide services to all qualified clients seeking help in securing past due child support payments. Dobelstein (1990) estimates that there are perhaps 4 million families who qualify to participate in the Child Support Enforcement (CSE) program but do not. According to the U.S. Bureau of Census (1989):

- of the 8.8 million female-headed households, 5.4 million were awarded child support.
- of the 3.4 million women without child support awards, about half wanted awards but could not obtain them.
- seventy-four percent of the women who were supposed to receive payments received some payment, leaving twenty-five percent of female-headed families without any support.
- for those women who received payments irregularly or not at all, the main reason reported was the refusal of the father to pay (p.3).

Child Support Enforcement legislation can be seen as a response to the growing concern with the growth in the number of

female-headed families. From 1970 to 1988, there has been a 119 percent increase in this family type, where it is estimated that 7.4 million families are female-headed (Committee on Ways and Means, 1990). According to Duncan and Hoffman (1988), 75 percent of all welfare spells begin following a divorce, separation or out of wedlock birth; the longest term welfare recipients being nonwhite children born out of wedlock. However, just because a child support order is established, it does not mean the father pays. For example, the Nichols-Casebolt and Klawitter (1990) study of paternity adjudications for establishing support did not find a reduction in welfare use even though a child support order was established. While it is known that many women, who either through divorce, separation or illegitimate births, experience drastic income drops because of child responsibility (the poverty rate in 1989 for all women with children from absent fathers was 32 percent, and the poverty rate for never-married women was 53.9 percent [U.S. Bureau of the Census, 1991]), does not necessarily indicate a cause and effect relationship between income deprivation and welfare use. In fact, 81 percent of the mothers, who were owed child support but received none, did not become Aid to Families with Dependent Children (AFDC) recipients (CRS 1989, p. 7).

The Federal Incentive Formula and Non-Welfare Families

The failure of the OCSE to provide needed services to non-welfare clients can be attributed, in part, to the lack of federal incentives for serving this population. It was not until the 1984 Child Support Amendments that agencies were assured that they would be reimbursed for administrative costs for supplying services to non-AFDC clients. As of 1985, the Federal OCSE began to pay 66 percent of agency program costs and maintenance (CRS, 1989, p.67). In addition, an incentive payment for collections was also implemented.

States actually stand to make a profit from child support collections from AFDC clients through this incentive formula. Each State receives an incentive payment equal to at least six percent and a maximum of ten percent of the State's total amount of AFDC and its non-AFDC support collections. However, the federal program, worried that agencies would shift

collection efforts to the non-AFDC population, placed a limit on the incentive payment for non-AFDC collections, capped at a maximum of 115 percent of incentive payment for AFDC collections (CRS, 1989, pp. 61-2). Thus agencies are precluded from a financial advantage for serving non-welfare clients.

Overall, collections from non-welfare clients are higher than welfare clients, 16 percent more (Kahn & Kammerman 1988, p. 13). For example, for the state of Alabama, 1985-1989 (see Table 1), in 1985 non-AFDC collections represented 92 percent of AFDC collections (\$109,496-AFDC, \$100,783-non-AFDC). However, by 1989, non-AFDC collections represented 284 percent of AFDC collections (\$140,558-AFDC; \$399,463-non-AFDC).

Nationally, collections have increased substantially for both welfare and non-welfare clients. According to Stuart (1986, p. 203), total collections amounted to \$1.6 billion in 1981 with nonpublic assistance collections representing 58 percent of collections and AFDC representing 42 percent. In 1987 the U. S. Department of Health and Human Services (1987) report that AFDC collections grew by 54 percent from 1983-1987, and non-AFDC collection rose 122 percent (p.2). In addition, non-AFDC collections are cost effective (dollars spent by the agency to collect child support are less than dollars collected) whereas cost for AFDC collections continue to rise (p.7).

Table 1

Child Support Collections for AFDC and non-AFDC 1985-1989, State of Alabama

Year	AFDC	non-AFDC	Percentage AFDC/non-AFDC
1985	109,496	100,783	92%
1986	112,970	157,339	114%
1987	134,040	218,527	163%
1988	156,741	369,938	236%
1989	140,558	399,463	284%

Source: Child Support Enforcement Division. Montgomery, AL.

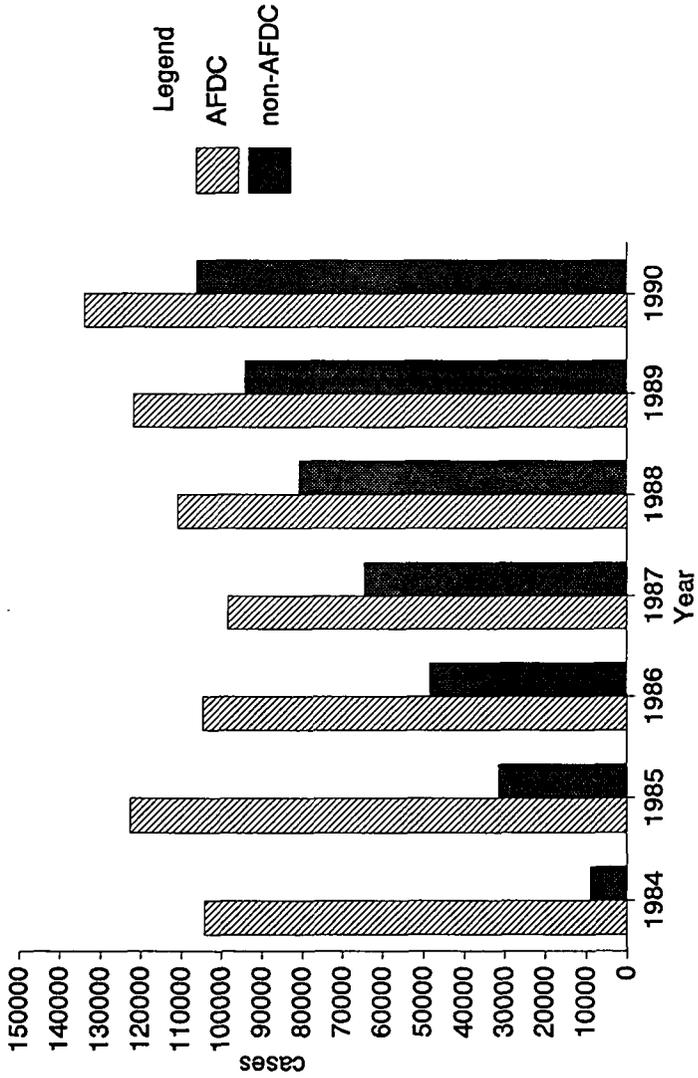
It is expected that both the 1984 "get tough" enforcement measures as well as the incentives for collections would greatly influence the number of AFDC clients and non-public assistance clients. This expectation is demonstrated in the caseload numbers for the state of Alabama (see Figure 1). Within one year, by 1985, agencies responded dramatically to federal legislation as demonstrated by increased caseloads for both populations.

Clients and Services

Welfare clients are mandated to participate in the child support enforcement program if they want to continue receiving AFDC benefits. Participation of non-welfare clients is a function of the free market of services,, based on client initiative. Typically CSE agencies advertise their services to the public via public services announcements on the television and radio, or through posters placed on bulletin boards in Veterans Administration and Social Security buildings. It is then up to the client to come into the agency. Therefore awareness plays a crucial role for obtaining the services. It is expected that as more women who are not receiving child support and not on welfare find out about the program, client numbers would increase. However, as was demonstrated with the dramatic increase in client use in 1985, agencies, acting on decisions made at the Federal level, most likely play a significant role in whether clients are encouraged to take advantage of OCSE services.

A number of studies have been conducted which address maximizing child support payments. Such studies focus on determining optimal income transfers (e.g., Oellerich, Garfinkel and Robins, 1991). Other studies attempt to determine why fathers do not pay (Chambers, 1979; Weitzman, 1988). These studies assume client use of CSE services but are not concerned with how or why the client seeks the services of the CSE office in the first place. Non-payment of child support cannot be tackled by the CSE agency unless the mother seeks the services of the CSE office. Thus, knowledge of availability of services can play a key role in getting mothers into the OCSE office. In such cases, optimizing income transfers is a moot point; the custodial parent in need of support needs to be in the system before any strategies can be effected.

Figure 1
Child Support Cases for Alabama (1984-1990 AFDC and non-AFDC)



The thesis proposed here is that child support collections/ payments could be substantially increased but that increase would depend on more non-public assistance clients seeking and being provided CSE services. Thus it is proposed that numbers of nonwelfare clients should be a function of the free-market of services, provided by CSE agencies. The alternative is that the number of clients is not a function of the free-market of services, and that something is controlling access to CSE services.

Data And Analysis

The relationship between non-welfare case loads and AFDC case loads is examined for all counties (N=67)¹ in the state of Alabama. The data for this project are collected from quarterly reports (ending in September) from the State of Alabama Department of Human Resources for seven years from 1984 to 1990 (State Department of Human Resources Managerial Analysis Unit). There is no significance in the choice of the quarter other than this quarter was the period when data was available for all years. The data consist of the number of cases of AFDC clients and nonwelfare clients for each year, for each county. Data pertaining to child support collections were obtained from the State of Alabama Department of Child Support Enforcement (Montgomery, AL). Because the data are from the state of Alabama they may not be representative of other states, however as a case study, they provide insight into the relationship between federal policy and state response.

Summary statistics as well as several other statistical procedures were used to analyze the data to determine if the number of client cases is a result of the free-market of services, or if perhaps some other factor is influencing the number of nonAFDC users and those subsequently those provided services at county Child Support Enforcement agencies.

Descriptive statistics of the total numbers of clients per categories, AFDC and non-AFDC, are displayed in a graph (see figure 1). It becomes obvious that prior to 1985 the number of non-AFDC clients were minimal. For the year 1985 there is a significant increase in clients served for both groups, most

likely to increased enforcement capabilities, Federal subsidy of the program, and incentive payments. Visually, it becomes quite obvious that as the number of AFDC cases rises, so does the number of non-AFDC cases. To determine if this relationship has a statistical relationship, ratios were calculated for all years and all counties, that is, AFDC/non-AFDC (RATIO10) and non-AFDC/AFDC (RATIO01).

According to the data, the maximum ratio for AFDC clients to non-AFDC clients for any county was 191.5 to 1 in 1984 and the minimum ratio was .2655 in 1990. However, as one can readily see from Table 2, mean ratios tended towards 1 (1.649, 1.424, 1.294, 1.214) beginning in 1987 with corresponding decreasing standard deviations. Therefore by 1987, the ratio between AFDC cases and non-AFDC has stabilized as can be seen from a plot of the ratios (see Figure 2).

There were eight counties (or 12 percent), which have larger or more equitable distributions between AFDC clients and non-AFDC clients. T-tests done on the RATIO variables confirm that statistically, at the .05 level, the RATIO10 ratios for 1988, 1989, and 1990 are the same.

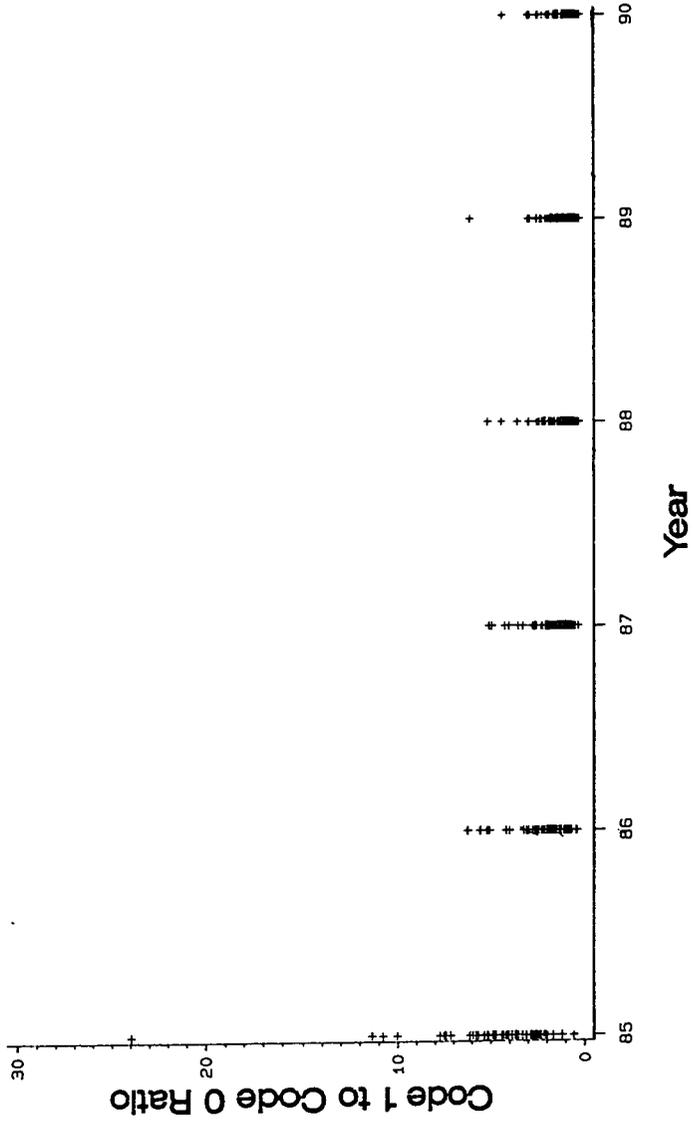
To determine if coding, that is, AFDC and non-AFDC, is a function of year, which may be influenced by such factors as the economy, a log-linear model, contingency table procedure (SPSS 1986) was used to select the model for fitting multidimensional

Table 2

AFDC to non-AFDC Ratios for 1984–1990, State of Alabama

Year	Minimum	Maximum	Mean	Std. Deviation
1984	.9167	191.500	20.003	30.146
1985	.5865	23.969	4.296	3.246
1986	.4135	6.282	2.173	1.422
1987	.3623	5.111	1.649	1.026
1988	.3029	5.205	1.424	.931
1989	.2903	6.150	1.294	.884
1990	.2655	4.410	1.214	.775

Figure 2
Case Proportions (1/0) 1985-1990 (Alabama, 67 counties)



tables. The hypothesis tested was whether code and or year had an influence on the number of cases and if code and year (interaction) had an effect on the count, and whether these two were independent of each other. Using the design = Year*code weighted by the actual number of cases for each category of client tested for year and code and year/code interaction (number of cases=year + code + year*code). The null hypothesis is that year and code are independent. This goodness of fit procedure is described by Bishop, Fienberg, Holland, Light & Mosteller (1975) and is used to obtain summary statistics for discrete, dichotomous variables.

For this analysis, data were coded 1 for those agency clients on welfare (AFDC) and 2 for those who were non-public assistance clients. The goal was to determine if some cells differ from the general pattern of the others. Both factors, year and code had a significant effect on the number of cases, and the factors were dependent ($p < .01$), indicating that code depends on year as measured by the number of cases.

The question becomes one of determining what accounts for the variability in the data. To determine if year has an effect on the ratio of cases, Proportional Analysis for General Linear Models (SAS, 1985) was employed. When all years were included in the procedure, where the dependent variable was RATIO10, the $R^2 = .2381$ ($p < .0001$). When the dependent variable ratio was RATIO01 the $R^2 = .3439$ ($p < .0001$). Therefore the ratio, non-AFDC/AFDC accounts for more of the variance. Year by year proportional analysis yields significant R^2 s, but the highest is $R^2 = .3021$ for 1984 for the ratio AFDC/non-AFDC. Therefore year accounts for a maximum of 30 percent of the variability due to the ratio of the cases.

A Pearson's correlation analysis and regression analyses suggest that the number of cases in one category, i.e., AFDC or non-AFDC is highly associated with the other. A Pearson correlational analysis for all years, where AFDC cases are correlated with non-AFDC cases, yields correlations ranging from $r = .841$ for all years together and from $r = .51$ for 1984 to correlations greater than $r = .93$ for 1985–1990, with the exception of 1986. Therefore the number of AFDC cases is highly correlated with non-AFDC cases.

When a regression model is employed to see if the number of AFDC clients can be predicted from the number of non-AFDC using all years in the analysis, the R^2 was only .0007. However, year by year analysis yields significant R^2 s for 1985 ($R^2=.8827$, $p<.04$); 1986 ($R^2=.7816$, $P<.0571$). For the years 1987 and 1988, the analysis produces an $R^2=.9192$ and $R^2=.9226$, but neither are significant at the .05 level. For 1989 the R^2 had dropped to $R^2=.8975$ but it was significant at the .03 level. Therefore as one goes up so does the other. While this can be easily seen in a raw numbers graph (see figure 1), statistically analysis supports this assertion of relatedness between the two categories of clients; the number of non-AFDC cases depends on the number of AFDC cases.²

Discussion and Policy Implications

If the number of non-welfare clients depends on the number of welfare clients, the question remains why. While the data and analysis indicate a statistical relationship between the two caseload types, these data cannot provide the answer as to why the two caseload categories are related. The incentive structure, whereby the agency is limited to 115 percent of incentive payment of collections from welfare clients, may have an affect on case loads; that is, agencies may be adjusting service delivery to nonAFDC clients based on the amount of average collections from AFDC clients. As demonstrated earlier, agencies in Alabama do not appear to be having difficulty with non-AFDC collections, where collections have exceed AFDC collections since 1986 (see Table 1).

If the agency is not provided an incentive for collecting for the non-AFDC client after a certain level, then it seems wise economic sense not to expend staff hours to take on new non-AFDC clients. A General Accounting Office (GAO, 1987) CSE program assessment drew similar conclusions regarding agency performance with respect to the AFDC component. Forty-two percent of the sample of programs in the assessment appeared to be providing inadequate service, primarily due to poor case management practices. The GAO concluded that financial objectives contribute to inadequate case handling (p.20). Similarly,

the GAO believes the incentive formula may encourage states to continue favoring cases with high collection potential (p. 44). This assessment, however was for AFDC cases only. What happens with the non-AFDC component is undetermined. However, if collections for non-AFDC are relatively more efficient, and the data from Alabama support this, their pursuit may be hampered by the non-AFDC incentive formula which is AFDC collections dependent.

The role of advertising may be a significant factor in how agencies control case loads. If the services of the agency are not advertised in places where a variety of potential clients are likely to see them, or if advertising is not on a fixed schedule, advertising could control case loads. If the goal is to optimize collection from responsible parents, then marketing services could play a key role. Where and how often OCSE services are advertised can be important. Targeting different audiences may require different strategies. Aversion to use of "welfare-type" services, if CSE agencies are housed within departments of human resources, may also be a factor.

The dependence of non-AFDC client loads on AFDC client loads has other implications as well. Besides inequitable service to non-welfare clients, the non-welfare, absent parent, is not being sought out with the enforcement capabilities of the CSE agencies. In the case of welfare clients, who are mandated to participate in the CSE program, the absent parent is most likely black (see Sweet and Bumpass 1987, p. 240). If the majority of women who have child support orders or agreements to pay, but do not receive support are white (66 percent according to the U.S. Department of Commerce, Bureau of the Census 1989, p. 14), then white males, assuming white females are married to white males, are given "indirect" preferential treatment by state agencies. In effect, black absent parents are being discriminated against because their families are disproportionately on welfare. Therefore, if the incentive structure is a key factor, the Federal OCSE is instrumental in legitimating social inequality. Families which are not in poverty, and which do not receive support from absent fathers, are also effectively being discriminated against because their case numbers are being "controlled" at the agency level, caseload numbers which

according to this analysis, are dependent on the number of AFDC cases.

Proposals

The following proposals are offered as changes which could be made in the structure of the CSE program, changes which could promote serving non-welfare clients and changes which would not necessarily discourage serving AFDC clients.

1. The incentive structure will continue to be a problem, but incentives for non-AFDC collections could be raised to 120 percent of AFDC collections to see if agencies respond accordingly. The \$25 maximum fee charge for non-AFDC clients could be changed to a sliding scale fee to help cover the costs of extra staff needed to handle non-AFDC cases.
2. In addition to incentives, agencies could be provided monetary recognition bonuses for outstanding collections on behalf of non-AFDC clients. The bonuses could be awarded quarterly, or could be used to provide for an additional staff member's salary.
3. The Office of Child Support Enforcements (OCSE) should ensure compliance with staffing requirements as specified by federal law and regulation (General Accounting Office 1987, p. 46) so that insufficient staff cannot be cited as justification for lack of services to non-welfare clients.
4. Advertising and marketing guidelines of CSE services need to be developed and monitored by the OCSE to assure that a variety of audiences are targeted on a fixed rather than an arbitrary schedule. Monitoring of client profiles would help to determine if agencies had broadened their target clients beyond low income populations. All public state and federal offices as well as private businesses could be targeted. Targeting places of employment is especially relevant as more employers are required to withhold child support payments from employees' checks.
5. Privatization of services to non-welfare clients could be an alternative. An agency not connected with human

services may appeal to some clients who have avoided investigation because of the association with welfare. However, as private agencies operate on a profit margin formula, an alternative for the incentive formula will have to be developed.

Conclusion

The federal incentive structure may be a key factor in affecting both AFDC (GAO 1987) and non-AFDC case loads and handling. The incentive structure may be instrumental in influencing the "willingness" of agencies to serve non-welfare clients because of financial objectives aimed at maximizing the incentive received from the federal government. The incentive formula clearly favors the pursual of AFDC collections. This is of special concern,, not only because too many children are living in poverty, but because non-collection of child support is a pervasive social problem and affects not only the poor, but the non-poor as well.

As more well-to-do and celebrity child support cases reach the media, it should serve to stimulate interest in the child support issue. Stories about dead-beat-dad raids in the middle of night are dramatic, but they make the point that non-payment of child support is a social problem for all of society, not just a problem for people on welfare.

More needs to be done to assure that those who are not receiving support, or enough support, know about the services of the CSEL and that they are served once they get there. Guidelines for advertising need to be not only developed but monitored. The federal role appears to be very important in influencing what happens at the agency level. As a nation, we need to support the family, all families. We need to recognize that non-payment of child support is not just a welfare issue.

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Notes

1. The GAO (1987) program assessment of states' CSE programs, specifically the AFDC component, recommends that the data obtained from these agencies can be unreliable, therefore, caution must be used in interpreting any analysis based on them.
2. Interpretation from the data need to be viewed with caution, as suggested by the GAO study of 1987. However, the extremely high R^2 s and r s indicate that "something is going on." Whether this is artifact of agency recording or the result of agency case management strategy, neither situation is "good."