

ESRC International Seminar Series: Poverty, Child Maintenance, and Interactions with Social Assistance Schemes

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Overview

“Programmatic and Economic Implications of the Present Child Support Pass Through Laws in the United States”



Introduction

- ▶ US Policy Origin
- ▶ Implementation Period
- ▶ Pass Through Defined
- ▶ Comparative Research
- ▶ Programmatic and Economic Implications
- ▶ Q&A



US Policy Origin

- ▶ Historical Framework and Early Policy Objectives
 - Public Welfare Policy
 - Aid to Families with Dependent Children (AFDC)
 - Temporary Assistance for Needy Families (TANF)
 - Child Support Policy
 - Office of Child Support Enforcement (OCSE)



U.S. Child Support Laws & Regulations

- ▶ Federal Child Support Guideline Requirements (1988)
 - Set of rules and tables used to determine child support
- ▶ State Plans
 - Makes provisions for individual states and territories to enact flexibility variations in eligibility rules
- ▶ State Flexibility
 - Allows state to state and other territories to calculate the amount of child support that non-custodial parents should pay based on their net income each month.



Federal Performance Measures

- ▶ Five Performance Measures
 - Paternity Establishment
 - Child Support Order Establishment
 - Collection of Current Support
 - Collection of Arrears
 - Cost-Effectiveness
- ▶ Federal Incentive and Penalty System
 - Requirements for Receiving Federal Incentives
 - Avoiding Federal Penalties



Implementation of Pass Through Laws

▶ Pass Through

- Define as an assigned support collection (applied to either current support or arrearages) that the State elects to pay to the family rather than retain to reimburse assistance.

▶ Disregard

- Defined as the amount of a pass through payment to a family that is disregarded by the welfare agency for the purpose of determining eligibility and the amount of assistance from the State that is provided to the family.
- Original intent was to encourage cooperation with child support enforcement.



Implementation of Pass Through Laws

- ▶ Personal Responsibility and Work Opportunity Reconciliation Act of 1996
 - A Welfare Reform Plan
 - Allowed states the option to eliminate or setting their own pass through and disregard policy
 - 45 changes implemented that were included in the Child Support Bill
 - Computerized State-wide Collections
 - National New Hire Reporting System
 - Rewarded states for transitioning welfare recipients into jobs
- ▶ Deficit Reduction Act of 2005
 - Incentive to States to collect child support without reducing TANF benefits
- ▶ 2014 Notice of Proposed Rulemaking
 - Notice of Proposed Rulemaking: Flexibility, Efficiency, and Modernization in child support programs.

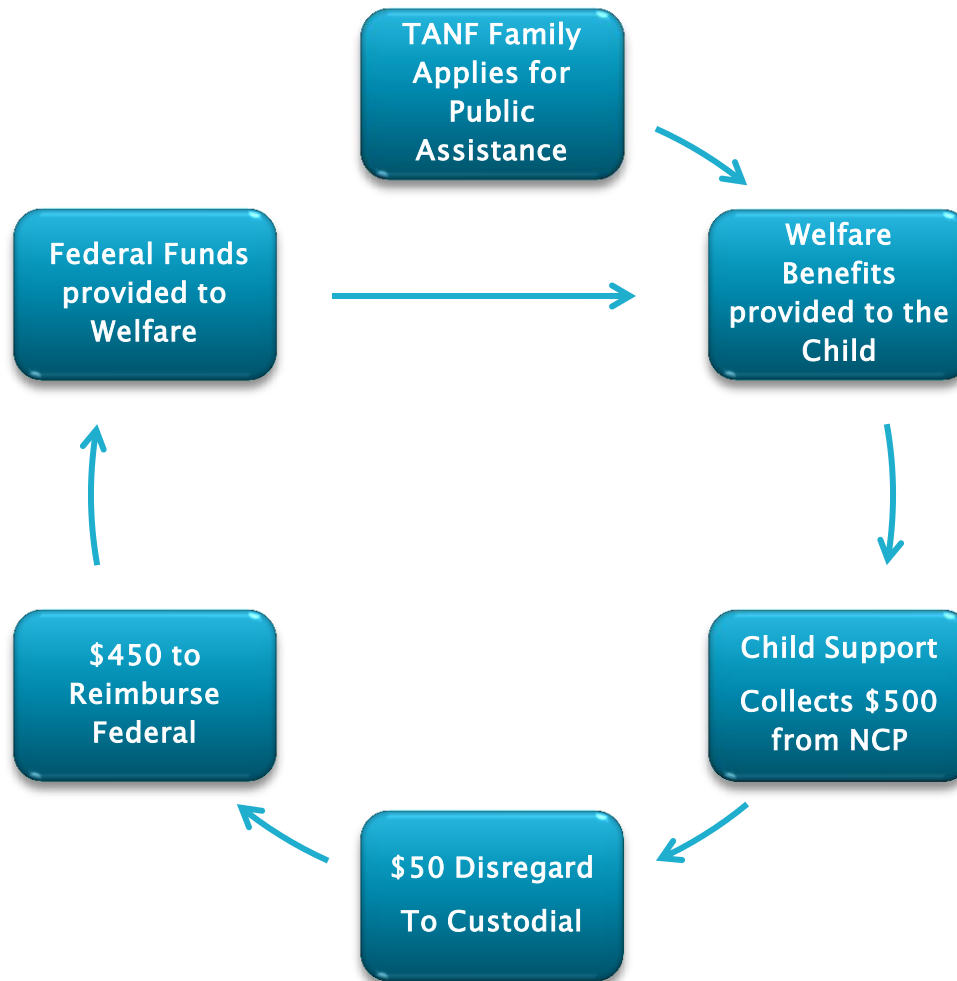


Pass Through/ Disregard Examples

- ▶ How Pass Through is Paid to TANF Families
 - State of California
 - Up to \$50.00 Passed Through and Disregarded
 - Support Obligation \$500.00
Support Payment Made \$500.00
Disregard Payment to TANF Families \$50.00
 - District of Columbia
 - Up to \$150.00 Pass Through and Disregarded
 - Support Obligation \$500.00
Support Payment Made \$500.00
Disregard Payment to TANF Families \$150.00



Pass Through Distribution Cycle



Comparative Research

▶ Wisconsin Case Study

- In 1997, Wisconsin was granted a Federal waiver to implement a policy enabling TANF families to receive the full (100%) pass through.
- Wisconsin case study revealed a statistically significant positive effect on child support.
- Analysis
 - Increased the amount of child support received
 - Higher rates of paternity establishment
 - Improvements in social outcome
 - 75% Pass Through as of 2013



Comparative Research

▶ Washington DC Case Study

- In 2005, The District of Columbia enacted a \$150/month pass through and disregard policy, which went into effect April 2006.
- During first the year \$1.2 million passed through.
- In FY 2008, 2,151 custodial parents on TANF received a pass through payment.

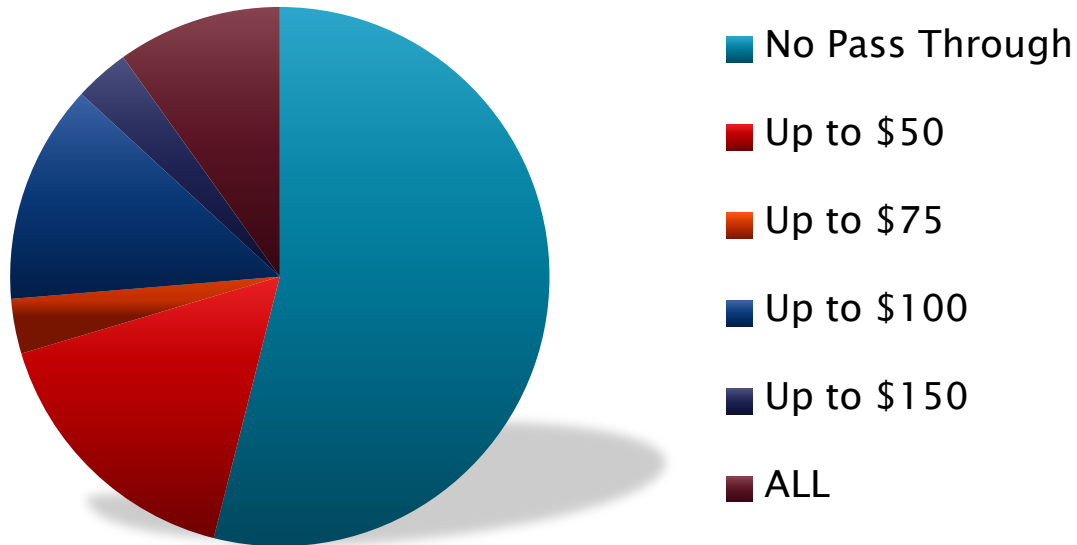


State Child Support Pass Through Policies

- ▶ 21 States and the District of Columbia have a Pass Through Policy

29 States do not have a Pass Through Policy

STATE CHILD SUPPORT PASS THROUGH



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States Currently Passing Through

\$50

- Alaska, California, Connecticut, Delaware, Illinois, Maine, Massachusetts, Oregon, and Rhode Island

\$100

- New Jersey, New Mexico, New York, Pennsylvania, Virginia, and West Virginia

\$150

- Washington DC

75%

- Wisconsin

100%

- Minnesota and Vermont



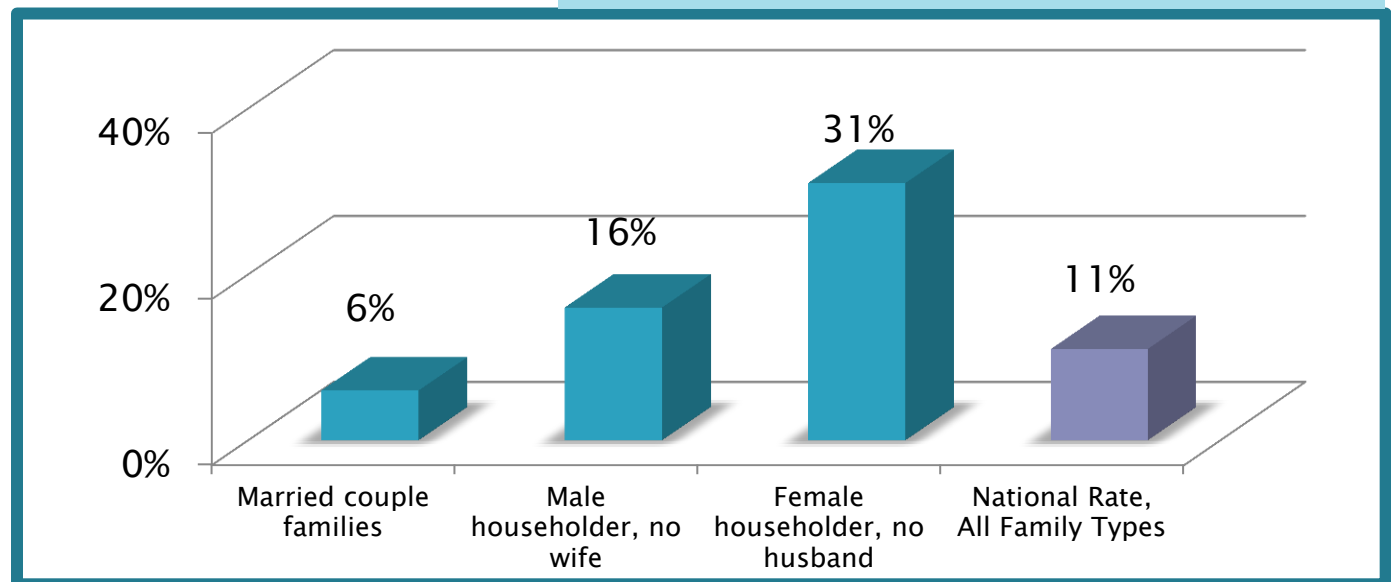
States Not Currently Passing Through



Poverty Rates By Family Structure

- ▶ Definition of Poverty
- ▶ Impact of Child Support on Poverty Levels

Poverty Rates by Family Structure 2013



Center for Poverty Research University of California, Davis.



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Total Distributed Collections

National

Total Distributed
Collections
\$27.3 Billion

Total Pass
through To TANF
Families
\$139 Million

State

Total Distributed
Collections
\$2.3 Billion

Total Pass
Through To TANF
Families
\$26 Million

LA County

Total Distributed Collections
\$448 Million

Total Pass Through To TANF
Families
\$5.1 Million



Programmatic Implications

- ▶ Child Well-Being
- ▶ Collaborative Parental Participants
- ▶ Departmental Interfaces
- ▶ State-State Variations



Economic Implications

- ▶ Economic Self-Sufficiency
- ▶ Budget Constraints
- ▶ Recent Policies
- ▶ Safety Net Programs



Topic Areas for Discussion

▶ Q & A

- What are the effects of child support receipt on self-sufficiency, including the likelihood of leaving welfare and returning to welfare?
- Are more current and former welfare recipients receiving child support in states that have more generous child support policies?
- How much of child support payment should be “pass through” to the family?
- How much should be kept by the government and used to pay for the administration of child support program?



Closing Remarks

- ▶ Overview
- ▶ Recommendations
- ▶ Expected Future Outcomes



Thank You

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