

NORTHERN ILLINOIS UNIVERSITY

The Snowball Effect:

**Externalities from State-Mandated Child support Enforcement
from Non-Custodial Parents**

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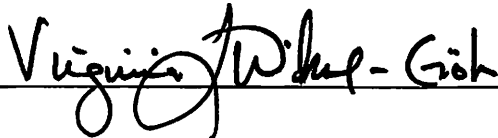
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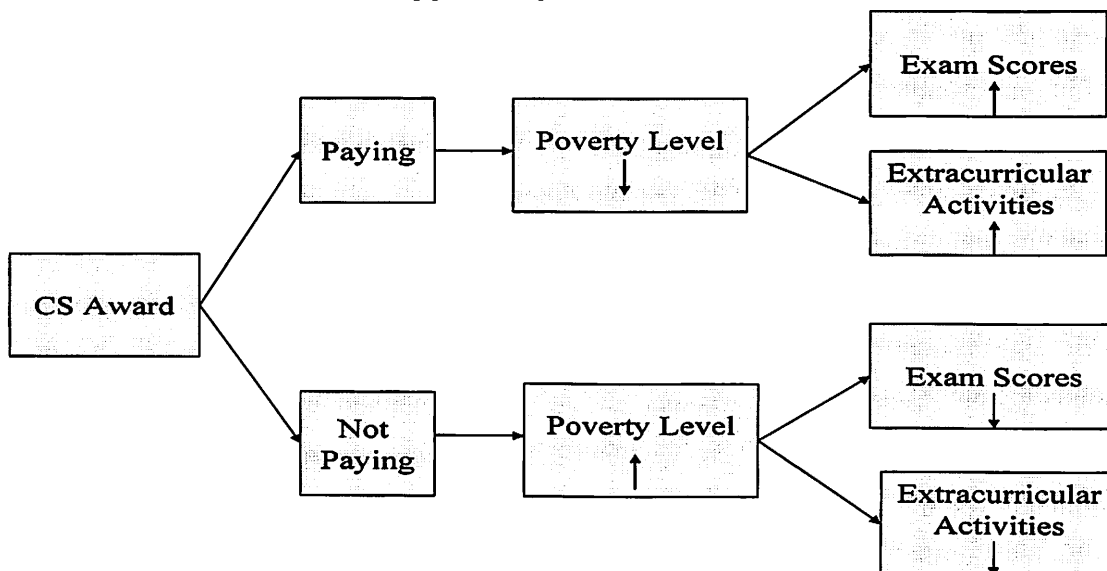
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ABSTRACT:

Single parenting leads to several outcomes directly affected by the payment, or nonpayment, of child support. For many single mothers, receipt of child support payments is what pulls their households above or pushes them below the poverty level. Several correlations have long been made: Poor youngsters and decreased abilities in school (e.g., test scores), decreased competencies in school with less extracurricular activities, both test scores and extracurricular activities with positive productive members of society. That said, child support payments (or lack thereof) have positive and negative externalities for youngsters.

Externalities of Child Support Payments



Literature review, research and data collection regarding child support system legislation, poverty of single parent households, test scores, and extracurricular activities were correlated with child support enforcement and positive childhood outcomes for children previously below the poverty level.

Because the federal and state governments have stepped, enforcement of child support orders has increased the level of return to single mothers which can explain, to some degree, the decrease in poverty rates for mother-only households. Decrease in poverty rates may provide explanation for the increased involvement in extracurricular activities and the increase in test scores among young children. Child support enforcement, therefore, correlates with children becoming more positive and productive members of society (as a result of their increased test scores and extracurricular activity involvement).

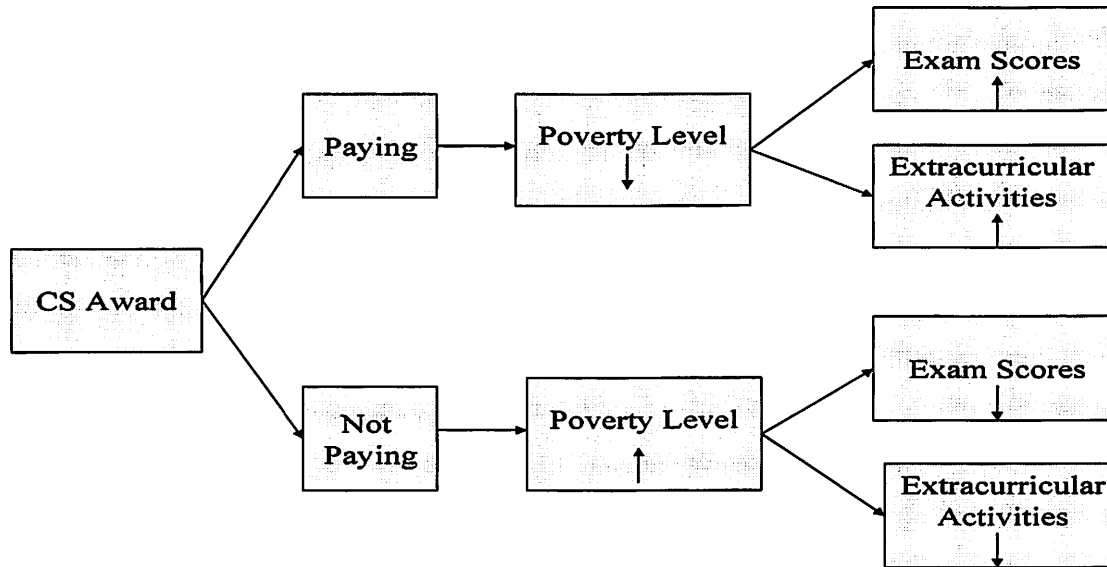
The Snowball Effect:
Externalities from State-Mandated Child Support Enforcement
from Non-Custodial Parents

by Marcy Cascio

Single parenting can lead to several outcomes, but these outcomes are not only dependent upon parenting abilities. They also depend on financial child support from the non-custodial parent (NCP). Child support directly affects a child in many ways, giving them enough food, water, shelter, etc., to endure daily life. However, there are numerous externalities from the payment, or nonpayment, of child support. For many single mothers, receipt of child support payments is what pulls their households above or pushes them below the poverty level. Correlation has long been made between poor youngsters and decreased abilities in school (e.g., test scores). These decreased competencies in school have, as well, been coupled with less extracurricular activities. Both test scores and extracurricular activities have been matched with positive productive members of society. That being said, it may be assumed that payments of child support may have other, indirect, causes for youngsters. With payments made, movement above the poverty line may occur. With this, there may be an increase in test scores, as well as an increase in extracurricular activities for the child, assisting them in becoming successful, productive citizens. However, if child support payments are not made, many mother-only families fall below the poverty line. This offers children a disincentive to do well in school and lessens desire to participate in extracurricular activities. These positives, therefore, turn into negatives and what results are less effective, less productive members of society. (See Figure 1.)

Figure 1:

Externalities of Child Support Payments



With this information and an understanding that poverty causes negative outcomes for children, child support legislation has undergone numerous changes in the past three decades, with more around the corner. In looking at information regarding child support system legislation, single parent households, poverty figures, test scores, and extracurricular activity figures, a correlation may be developed to assist in the understanding of why child support enforcement, in the strongest sense, is necessary.

REVIEW OF LITERATURE

A brief history of child support reform is necessary. Child support was developed in early 1975 when Congress passed Title IV-D of the Social Security Act, named the Child Support Enforcement Program, “providing matching federal funds for state efforts to collect child support for children receiving AFDC” (emergency assistance from the government, now known as TANF) (Freeman, p. 1). “The goal was to save on the welfare budget and to make absent fathers responsible for their actions” (Freeman, p. 1). In 1984, the Child Support Amendments offered

federal reimbursement to the states that expanded their services to non-AFDC families. This (the 1984 Child Support Amendment), as well as the 1988 Family Support Act, placed requirements on states who receive these funds. With the amendments and the act in force, both states and the federal government spent an increased amount of money on child support enforcement over the past 30 years which led to states passing new laws “aimed at increasing collections from absent fathers” (Freeman, p. 1). The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 required states to expand their efforts to include paternity establishment, enforcement of child support and automated central registries.

In terms of identifying the amount of child support from the non-custodial parent, states vary on their methods. Some states simply identify the NCP’s income and arrange a percentage based on that figure. Other states, however, are now moving forward with the HB 221 method, that is awaiting House approval, of identifying both parents’ incomes and “taking into account both the amount that would be available if the family were intact and the needs and circumstances of all involved” (Vermont). Each state, as well, has their own calculation system to maintain systematic and foundational processes for all cases.

Interestingly, many of the states’ websites contained child support calculators and applications to assist with applying for child support awards and judgments. These documents available online speed up the process and assist custodial parents (CPs) with limited attorneys and court fees.

Some states (like Vermont) offer services for enforcing child support cases at no charge, while other states charge a fee (most around \$25) to begin the proceedings of enforcement. These

enforcement proceedings are dependent upon which state the CP resides, as well as the state in which the NCP resides. All states offer assistance in the location of a missing parent (through local and federal databases), establishment of paternity, change in court orders due to medical issues, collection and distribution of payments, and enforcement of court orders (Tennessee). Most states enforcement offices offer the following administrative services: wage withholding, increase of wage withholding for arrears (which NCP is behind a certain amount of money, amount depends on each state), lottery offset, imposition of liens, credit reporting, trustee process, tax refund offset, treasury offsets, passport denials, intercept of unemployment compensation benefits, and/or license non-renewal. Other court services offered by the enforcement offices include civil penalties (where the court can require NCP to pay penalty of up to 10% of past due child support), holding assets in escrow, holding NCP in contempt of court where NCP could possibly face imprisonment, and/or license suspension (Vermont).

There are various methods in which to pay child support to the CP: wage withholding from the NCP's employer with payments sent directly to the Child Support Service, by direct payment from NCP to Child Support Services, and/or by direct payment from parent to parent without Child Support Services involvement. The latter case is very unusual and, in some states, both parents must ask the court to waive their involvement for this to occur (Vermont). Many states are offering services via computer as well; with payment options available online where accounts are set up for each child and/or case and NCPs simply making payments each month with a credit card. One state has actually instituted a "credit card," much like a debit and/or gift card, with child support payments already held in an account. After checks are cleared through the child support office, they may be direct deposited into the CP's account to expedite receipt of

funds. As well, most states have 800 numbers where CPs may call and verify whether payment has been received.

Another method of ensuring that NCPs do not fall through the cracks is the “National Directory for New Hires” which requires employers to register new employees in a national database within a tight timeframe (usually 20 days to one month). This is something that Illinois has just voted and approved to use. It is a method to ensure that an employer has knowledge of the support order if the employee is not forthcoming.

Legislation thus far has been aimed primarily at the never married single parent to assist in the removal of their need for AFDC (Aid to Families with Dependant Children). Those more financially established single parent households utilize the courts to gain their success instead of utilizing the enforcement offices and, for this reason,

“the proportion of never married mothers receiving child support payments rose sharply, in part due to the greater national effort to dun delinquent dads. The increase in the proportion of never married mothers receiving child support contrasts to the rough constancy in the proportion of all absent-father families receiving child support that has led many observers to view the policies as ineffective” (Freeman, p. 2).

Other transfer programs, such as welfare and TANF, are not linked to one individual receiving the assistance as Child Support Enforcement has been. When a NCP pays his child support, the knowledge that it is going to one’s own child should, it is thought, offer some understanding of the program itself and ensure the willingness of the NCP. These funds are removed and/or paid and given, albeit indirectly, for the benefit of the NCP’s child. (Lerman, p. 13) This would seem to make the incentive to pay higher than that of paying for social programs, however, this incentive is not often realized by the NCP unless visitation programs are set up. With the use of

the visitation program, NCPs somewhat feel that they are “trading” time with their child for the support to be paid.

With the addition of the enforcement programs, utilizing the administrative and court support remedies, the trend in child support receipt for poor custodial mothers is on the rise. In 1997, the US Census identifies 64% of mothers received payments (full and/or partial) from NCPs in the country. This number increased to 64.5% in 1999 and then to 65.4% in 2001. While this 1.4% increase seems small, consideration must be made in regard to the average number of custodial mothers that filed for a child support order (which is required to enforce payments from NCPs) rose dramatically after 1996 to 85% (previously this average was 65% prior to 1996). (US Census, 1997, 1999, 2001).

The trend for mother-only households has increased since the 1970s, and in 1996 the figure was 24%. This relates to the US’s poverty problem.

“Over half of children living in poverty are in single-mother homes. A significant proportion of mother-only families relies on the state for financial support. In 1994 more than a third of all mother-only families (3.3 million) were on AFDC, SSI, or general assistance for at least one month. Most of these and many other mother-only families received food stamps or medicaid. While approximately 60 percent of absent-father families have a child support award; only 35-38 percent receive any payments; and only a quarter of mother-only families receive the full payment on the award.” (Freeman, p. 3)

Poverty levels as defined by the US Census Bureau are

“a set of money income thresholds that vary by family size and composition to detect who is poor. If a family’s total income is less than that family’s threshold, then that family, and every individual in it, is considered poor. The poverty thresholds do not vary geographically, but they are updated annually for inflation with the Consumer Price Index (CPI-U). The official poverty definition counts money income before taxes and excludes capital gains and noncash benefits (such as public housing, medicaid, and food stamps).”

From the data attached from the US Census website (Figure 2), poverty levels for single mothers are almost double that of all other demographics combined. This is tell-tale. The lines are moving toward each other, noting that there has been a shift in more single mothers transferring above the poverty level.

In 1994, researchers, Sorensen and Wheaton, estimated if all custodial mothers received full child support payments, poverty among them would fall only by 3%. However, they noted that the state would reap a 20% reward in cutbacks from necessary AFDC spending. (Freeman, p. 4)

However, in actuality, 1995 figures show

“...about 6-7% of poor mother-only families became non-poor as a result of child support payments. This outflow was higher than those moved out of poverty by social insurance programs and was about the same as those removed from poverty through welfare programs” (Lerman, p. 20).

They found that improvements in child support reform accounted for about 25% of the decline in welfare caseloads from 1994 through 1996 (Lerman, p. 20).

One must take into consideration the children living in these families and the movement that they make as well. Current researchers, Sorensen and Zibman, in 2000, “estimate that child support payments lift nearly half a million children out of poverty, reducing poverty among children eligible to receive child support by five percent. They also estimate that child support reduces these children’s poverty gap by 8 percent” (Lerman, p. 19).

Shockingly, as shown in Figure 2, 2001-2002 family income showed that 25% of custodial mothers fell below the poverty level. “Of custodial mothers, 21.6% were supposed to receive

child support payments in 2001, 15% received full payments and 25.5 received partial payments. Of custodial mothers, 28.9% did not receive any payments at all” (US Census, Demographics). “Many preschool children living ... where money is tight have poorer reading and math skills. Children in very poor neighborhoods are especially at risk for having low skills compared with children from other neighborhoods.” (Readiness, p. 17) This culminates into why it is so important for poverty-stricken children to have child support to move them above the poverty line and potentially increase their scholastic achievement. “Children who succeed in their early school years have more self-confidence, higher self-esteem, and a lower chance of being involved in crime or violence.” (Readiness, p. 1) This chain reaction can be negated by enforcement of child support payments from NCPs to limit poverty of young children.

In Figure 3, data from the US Census shows an upward trend in ISAT 4th grade test scores since the most recent child support legislation in 1996. This information was derived by identifying students who were eligible for reduced or free lunch programs within their neighborhood schools. In order to qualify for the reduced/free lunch program, families have to be below the poverty guidelines. Students from poverty-stricken homes scored an average of 136.5 in writing in 1996. Those scores rose after child support legislation to 143.5, gaining 7 points. In reading, these same students (with scores beginning to be tabulated in 1998) scored an average of 201 and rose to a 205 in 2003, gaining 4 points. In math, students’ raw scores went from 207 from the 1996 jumping to a staggering 221.5. This is an increase of 14.5 points. Overall composite scores showed that students began with a raw score of 206.6 and rose to a score of 222, increasing by 15.4 points. This shows a 7% increase in overall scores. The correlation between

these scores and the increased revenue received by below poverty, mother-only families from child support enforcement is highly likely.

Enrollment in extracurricular activities has been known to give students and/or children a deeper appreciation of themselves and the world around them.

“The National Federation of State High School Associations (NFHS) and its membership believe that interscholastic sports and fine arts activities promote citizenship and sportsmanship. They instill a sense of pride in community, teach lifelong lessons of teamwork and self-discipline and facilitate the physical and emotional development of our nation’s youth” (Richwood).

Research has found that students who participate in extracurricular activities tend to have higher grade-point averages, better attendance records, lower dropout rates and fewer discipline problems than students generally. These foster success in later life. Participation in school activities is often a predictor of later success, in college, for his/her career and becoming a contributing member of society. As well as their future, students involved in extracurricular activities enrich themselves, increasing self-esteem and protecting them from possible bad influences.

“A good way to protect your child from caving in to negative peer pressure is to make sure he has one or two after-school activities that he's good at *and* he enjoys. At any age, the chance to pursue a passion, develop a talent, or engage in an active sport yields many important benefits. It can help a child relax and cope with stresses at school, release pent-up energy and frustration, and discover abilities and interests he never realized he had. In addition, studies have shown that extracurricular activities can boost a child's performance in school, and provide weak students with a reason to feel proud and capable” (LaForge).

While extracurricular activities seem to benefit children, the statistics found on the US Census Bureau’s website indicates a decrease in participation in extracurricular activities for some groups.

1994 Extracurricular Activities for Children 6-11 YO	Sports	Clubs	Lessons
All Children 6-11	34.3%	38.8%	23.7%
Children in Married Homes 6-11	38.7%	42.0%	26.7%
Separated, divorced, widowed or never married	23.0%	30.0%	16.0%
Below Poverty Level	14.8%	23.2%	11.9%

Extracurricular activities of school age children – characteristics of children and parents: fall 1994, table 11, p 18, A Child's Day: Home, School and Play (selected indicators of child well-being, 1994, Issued February 2001.

2000 Extracurricular Activities for Children 6-11 YO	Sports	Clubs	Lessons
All Children 6-11	25.0%	34.0%	32.0%
Children in Married Homes 6-11	34.7%	37.2%	36.1%
Separated, divorced, widowed or never married	23.0%	25.0%	21.5%
Below Poverty Level	15.9%	22.8%	18.6%

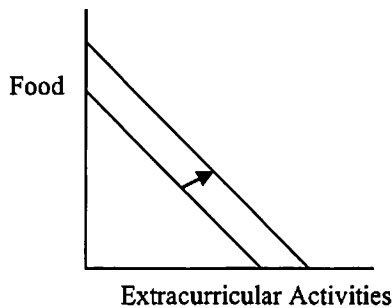
Table 6, Extracurricular activities of school age children by selected characteristics, 1994 to 2000, p 11

According to this information gathered, extracurricular activities have decreased since 1994 in the general population for all children ages 6-11. However, children in homes with married parents did see a rise in the number enrolled in private lessons from 26.7% to 36.1%. The numbers for separated, divorced, widowed or never married parents show changes as well, with a decrease in the number of children involved in clubs (5%), but an increase of 5.5% in private lessons. Also noted should be the difference in the below-poverty level figures which show an increase of 1.1% enrollment in sports, a decrease of .4% in clubs and an increase of 6.7% in private lessons since 1994.

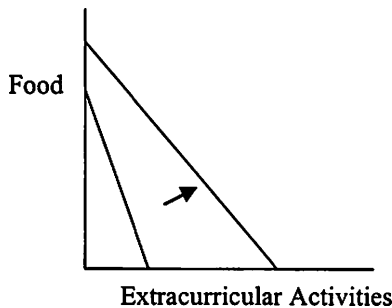
Question arises regarding these figures due to school cutbacks that may have decreased programs available to all students. As well, simple transportation issues arise with after school activities that are scheduled without parental input, while lessons can be scheduled according to parental availability. Especially with the knowledge that only one parent is available for the transport of the children, as opposed to two parents, timing issues may play a larger role in decisions to enroll in certain extracurricular activities during regular working hours.

ECONOMIC ANALYSIS

The economic benefits of NCPs paying their child support seem obvious. With payment of child support, the budget line for the custodial parent (usually mothers) moves outward, possibly in two ways. First, and most obvious, the budget line for the entire household will shift parallel outward, as funds coming into the home can be used for both food and activities. This leads to better nutrition, as well as an increase in involvement in extracurricular activities.



Another possibility depends upon the degree of poverty the family has been experiencing. While most families in extreme poverty may have a food budget that covers the bare necessities and only base nutrition with little leftover for extracurricular activities, many may limit the increase in food consumption (budget) and greatly increase extracurricular activities because of the previous lack due to financial means.



Positive externalities exist with the payment of child support by NCPs utilizing the enforcement services provided by the state and federal guidelines. They offer children, who many not have been able to before, the opportunity to enroll in extracurricular programs which affords students

an opportunity for self-knowledge, self-esteem enhancement, etc. With these personal boosts, academics improve.

RESULTS

In looking at the data presented in this paper, one can gather that child support enforcement legislation since 1996 has increased returns to poverty-stricken, single-mother homes and their children by increasing the enforcement itself by 1.4%. Not only has it assisted families in moving above the poverty level, this enforcement increase has a correlation to the increased standardized ISAT scores among 4th graders of poverty-stricken families being raised by 15.4 % overall. While it has long been recognized that children with higher test scores involve themselves in extracurricular activities, these scores can help explain an increase of 6.7% in private lessons that better facilitate single parents' time needs. With the understanding of previous research's correlation between decreased poverty, increased test scores and more involvement in extracurricular activities (like described in Figure 1), the future looks brighter for current poverty-stricken children. Possibility for more positive and more productive adults later in life is, to some degree, a result of the child enforcement legislation of 1996.

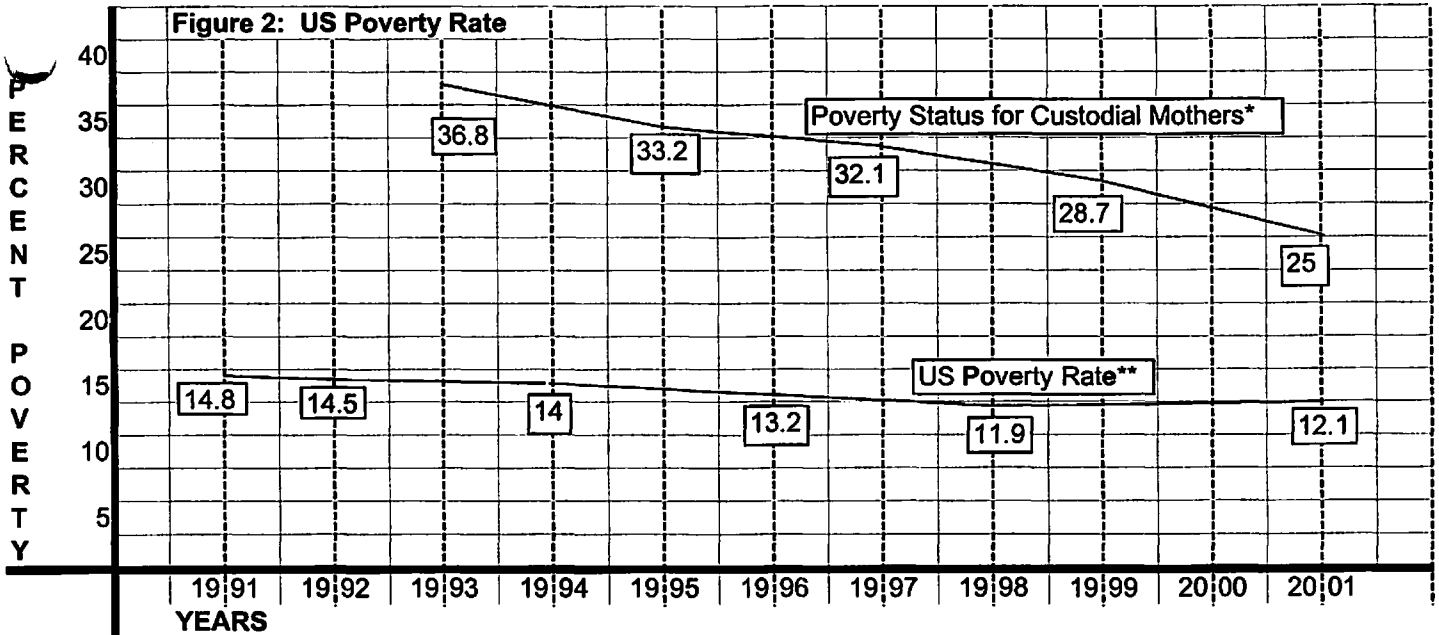
CONCLUSION

In the last 20+ years divorce and single parent households have been on the rise. Poverty levels, however, are decreasing substantially for single-mother households. One reason may be because of the child support payments being required and enforced. With these payments being made, the poverty level for single mothers is actually declining. This decline in the poverty level has an effect on test scores for poor children. With the positive reinforcement received by the

increasing grades (test scores), these children understand the importance of school and strive to achieve more. With this increased emphasis on improving their scholastic performance, reinforcement with extracurricular activities, especially private lessons, comes into play.

Because the federal and state governments have stepped in to ensure the survival and well-being of the child, enforcement of child support orders has increased the level of return to single mothers. This return can explain, to some degree, the decrease in poverty rates for mother-only households. The decrease in poverty rates may provide an explanation, to some degree as well, for the increase in test scores and increased involvement in extracurricular activities among young children.

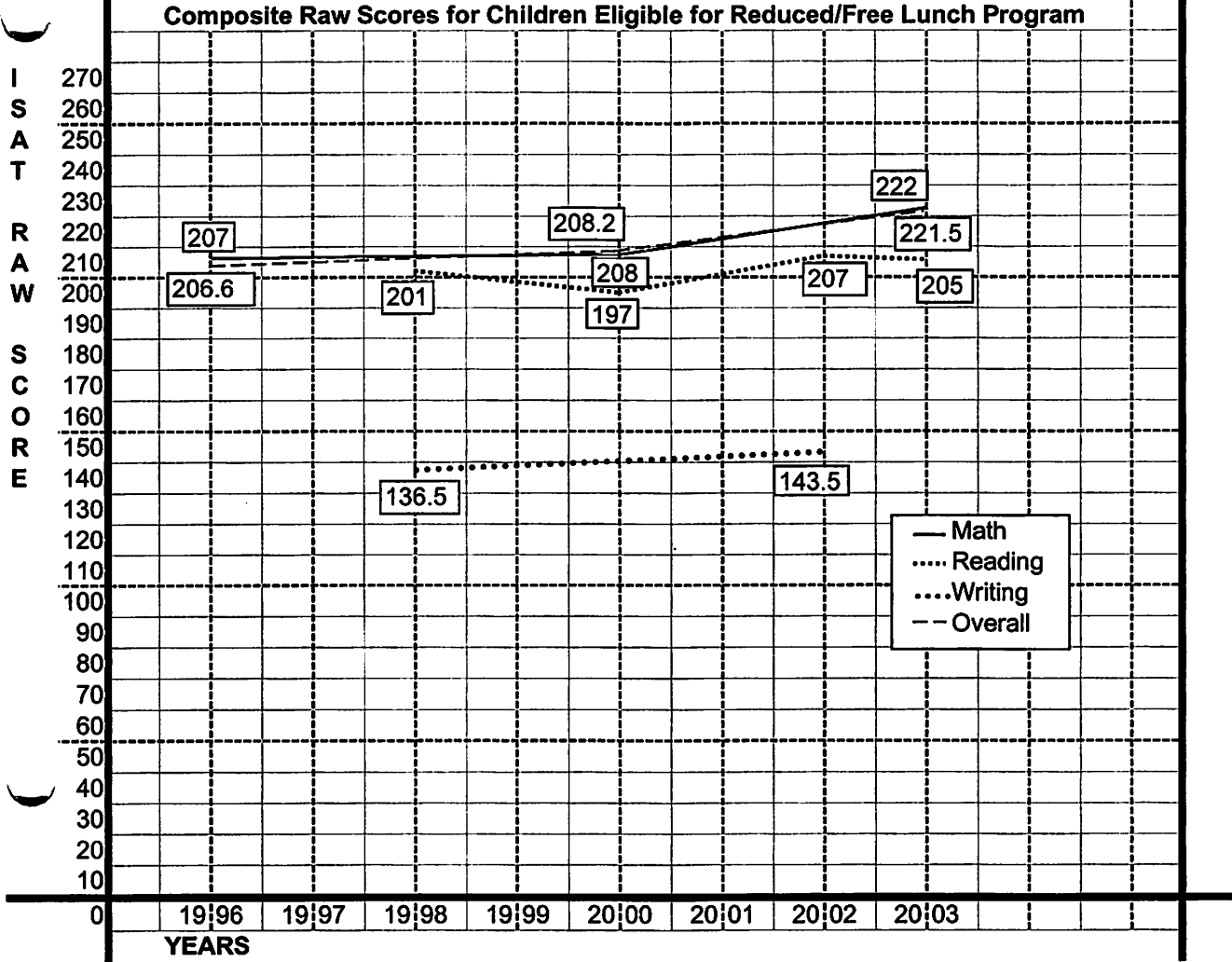
More research is inevitable and necessary to further the work for child support enforcement for single mothers. With HB 221 evolving, where child support is decided taking both the mother, as well as the father's, income into account, new information is available daily. The possibility of delving further into each state's respective plan and its method of enforcement is necessary, as well, with the new reform system on the scene. Differences and similarities can then be taken into account with results to encourage other states with the methods that seem to work best. The work here is not done. Much more can be done to assist single mothers in their journey toward raising successful, productive members of society. And, it is necessary for the state and federal government to continue its trek in assisting them with this task. It truly does take a town, even a country, to raise a child.



*Poverty Status of Custodial Parents: 1993-2001, <http://www.census/gove/prod/2003pubs/p60-225.pdf>

**State Poverty Rates, <http://www.irp.wisc.edu/faqs/faq3/table2.htm>

**Figure 3:
Composite Raw Scores for Children Eligible for Reduced/Free Lunch Program**



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