

MEMORANDUM

TO: Interested People

FROM: Paula Roberts

DATE: September 2, 1998

RE: New GAO Study About Child Support for Families Leaving Welfare

In August 1996, the cash welfare program known as Aid to Families with Dependant Children (AFDC) was abolished and replaced by Temporary Assistance to Needy Families (TANF). One of the premises of TANF is that single parent families should not rely on public assistance for long term support. Rather, they should use welfare as a short-term income source, moving quickly to become self-supporting through a combination of wages and child support. To underscore the temporary nature of public assistance, TANF places a five-year lifetime limit on the receipt of federally funded benefits. States may choose to provide assistance for an even shorter period of time. 42 USC Section 608(a)(7).

The U.S. General Accounting Office (GAO) has just released a study which examines the possibility that families leaving welfare will actually obtain child support income to either supplement their wages or replace the public benefits lost when the family reaches its TANF time limit. The study suggests that -- unless there is major improvement in the child support program-- the majority of families leaving welfare due to time limits will not receive substantial amounts of child support. The GAO report is titled *Child Support an Uncertain Income Supplement for Families Leaving Welfare*, GAO/HEHS 98-168 (August 1998)¹ and addresses three distinct, but related, issues: 1) how states which have experimented with time-limited welfare benefits in the past few years fared in obtaining child support for families which reached their time limit; 2) how the most successful child support programs generally fare in obtaining child support for families receiving public assistance; and 3) the implications of time limits for both families and the child support program. Below is a summary of the findings in this 36-page document.

¹The full report may be viewed at GAO's web site, <http://www.gao.gov>. Paper copies can be ordered by calling (202) 512-600 or faxing a request to (202) 512-6061. Copies can be also be obtained by mail from U.S. General Accounting Office, PO Box 37050, Washington, D.C. 20013.

THE EXPERIENCE OF STATES WITH TIME- LIMITED WELFARE

Prior to the enactment of TANF 14 states had obtained federal waivers to impose time limits on the receipt of public benefits. Three of these states--Connecticut, Florida and Virginia--began operating their time-limited programs in 1995/1996 and, by late 1997, had a significant number of families which reached their time limit.² Table 1 provides basic facts about these time-limited programs.

Table 1
Summary of Time Limited Waiver Programs

State	Time limit	Date Adopted	Date of First Terminations	Size of project	Number of families Terminated	Number of Cases Reviewed by GAO
Connecticut	21 months	Feb. 1996	November 1997	Statewide	353	90
Florida	2 or 3 years	March 1995	February 1997	One county	173	104
Virginia	2 years	July 1995	July 1997	Phased-in statewide	59	59

The GAO looked at data on these families to determine whether the state had been successful in obtaining child support for them prior to termination. What the GAO found is disturbing because of its implications for both the families and the child support program. Most families did not receive child support because the child support program was unable to carry out its basic functions: to locate missing parents, establish paternity and obtain support orders. As Table 2 demonstrates:

- C in each state, a vast majority of the families which reached their time limit had **no child support** collected for them during the 12 months before their assistance was terminated.
- C all too often, this was because the family didn't even have a support order.

²The Connecticut sample is of cases terminated through October 1997, the Florida sample is cases terminated through September 1997, and the Virginia sample is those terminated through November 1997.

C the major reason families didn't have an order was failure to locate the non-custodial parent. Indeed, the report specifically notes that "Failure to locate the noncustodial parent was the primary reason efforts did not succeed in the three states that had implemented time-limited aid. One half to three-quarters of the cases that needed a support order or paternity established could not get these services because the state could not or did not locate the noncustodial parent." (p.16)

Table 2
Overall Child Support Status of Terminated Families

State	% Receiving No Support	% Without a Child Support Order	% of those Needing Locate Services Whose Noncustodial Parent Had Not Been Located
Connecticut	72	50	56
Florida	84	69	60
Virginia	71	47	81

What makes this particularly disturbing is that, as Table 3 shows, when an order is established and the support is collected, child support payments can significantly boost family income. Even when collection efforts are not totally successful, the GAO notes that mean monthly child support actually collected ranged from 22 percent to 60 percent of the mean grant received in the month before termination. (p.17) For a family facing termination of benefits with no other income source, replacement of 60 percent of the grant amount with child support would certainly be helpful.

Table 3
Child Support Status of Terminated Families Which Have a Support Order

State	% Receiving Full Amount Due	% Receiving Some of Support Owed	% Receiving None of Support Owed	Median Amount Due
Connecticut	13	46	41	\$3,054

Florida	12	59	29	\$2,134
Virginia	2	56	41	\$2,067

CHILD SUPPORT SERVICES IN HIGH-PERFORMING STATES

The GAO also looked at two states--Minnesota and Washington-- with relatively high performing child support programs. The goal here was to identify the *potential* of child support as an income source for those terminated from TANF due to the time limits if the child support system functioned reasonably well. To assess the possibilities, the GAO selected child support cases for families receiving AFDC which were opened in 1992 and which remained open for five years (the TANF time limit). In those cases:

- C about two-thirds of the families received some child support in the last 12 months of the five-year period. The mean amount collected in the last twelve months was more than \$2,000 per case. Collections in AFDC cases which remained open for the entire 5-year period were somewhat lower than this, however.
- C a relatively small percentage did not have a child support order.

Table 4
Child Support Activity in the More Successful States

State	% With Order and Collections	Mean Collection	Mean Collection in an Open AFDC Case	% With No Order
Minnesota	59	\$2,211	\$1,891	14
Washington	67	\$2,316	\$1,598	2

IMPLICATIONS

The GAO concluded that child support *could be* an important supplement to the income of post-TANF families. However, unless states dramatically improve the performance of their child support programs, it is unlikely that child support *will be* such an income supplement. The report specifically identifies implementation of 1) the automation requirements of the 1988 Family Support Act and the Personal

Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and 2) effective use of the enforcement tools created pursuant to PRWORA as critical to improvement (p.17). The GAO also notes that, to take advantage of the new enforcement tools, states will either have to increase the productivity of their child support programs or commit additional resources to these programs (p. 18)

However, the GAO's primary emphasis is on the need to improve parent locate services (pp.15-16). In this regard, the GAO distinguishes what needs to be done on existing cases from strategies which may be more appropriate in new cases.

- C for families which have been receiving AFDC/TANF for several years, the GAO suggests re-interviewing parents to obtain current noncustodial parent information, coupled with an education campaign around the advisability of pursuing child support in a time limited welfare environment (p.16) Newer, better information might then emerge which makes locating the noncustodial parent possible.
- C for new TANF families, the GAO suggests aggressively acting on information provided by the custodial parent as quickly as possible. The GAO notes that in the successful states, more than 70 percent of the paternities and orders established were obtained in the first two years after the case was opened. (p.16) After that time, information is likely to be out of date, making location of the noncustodial parent difficult.

Obviously, a good deal needs to be done if child support income is to be made a reality for families leaving welfare.