

# Child Support Trends

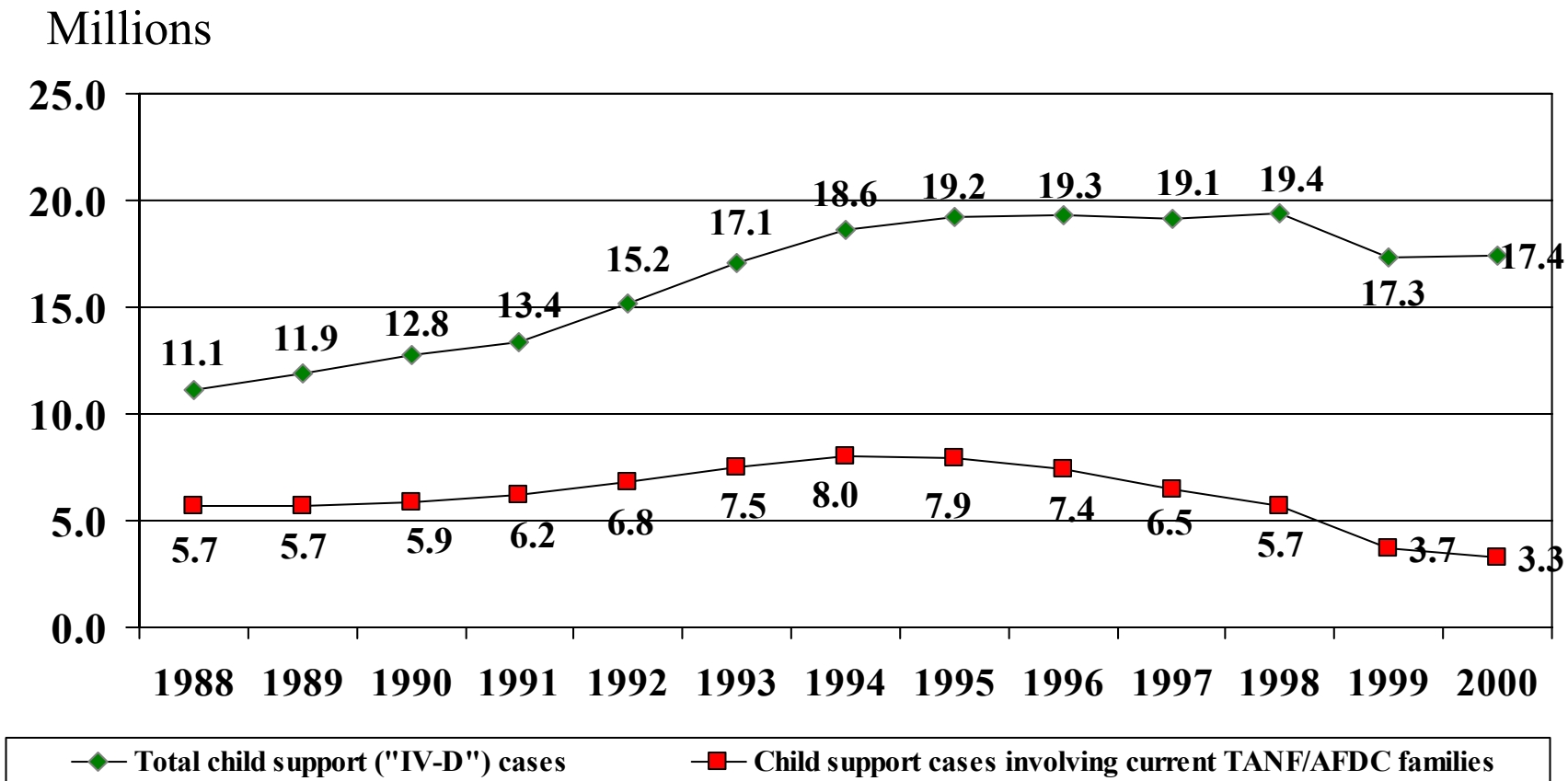
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Center for Law and Social Policy

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Human Services Finance Officers  
Chicago, IL • August 2002

# Child Support Program

## *Caseload Trends*

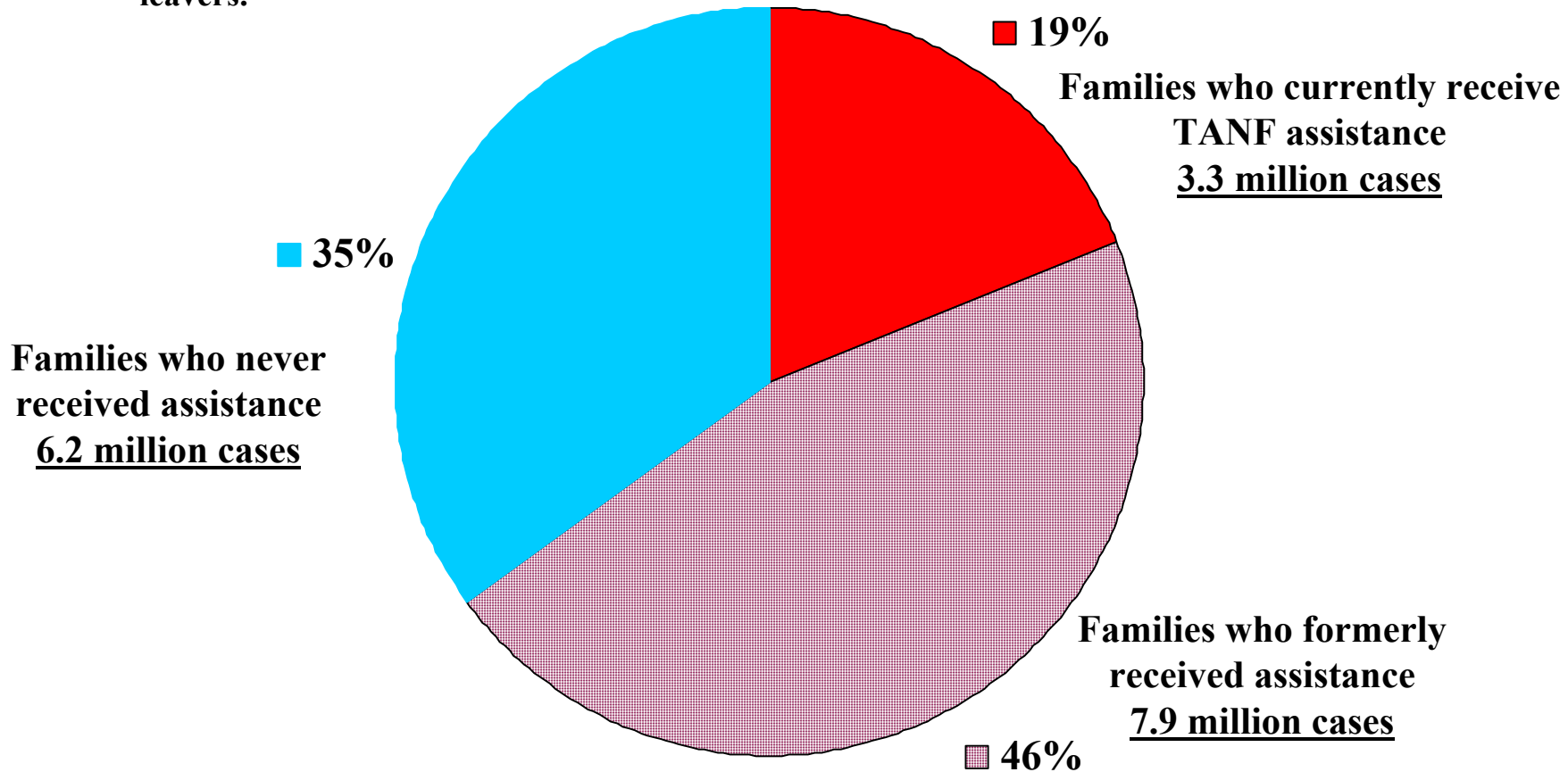
The decline in welfare cases has caused the child support caseload to fall.



# Child Support Program

## *17.4 Million Cases in 2000*

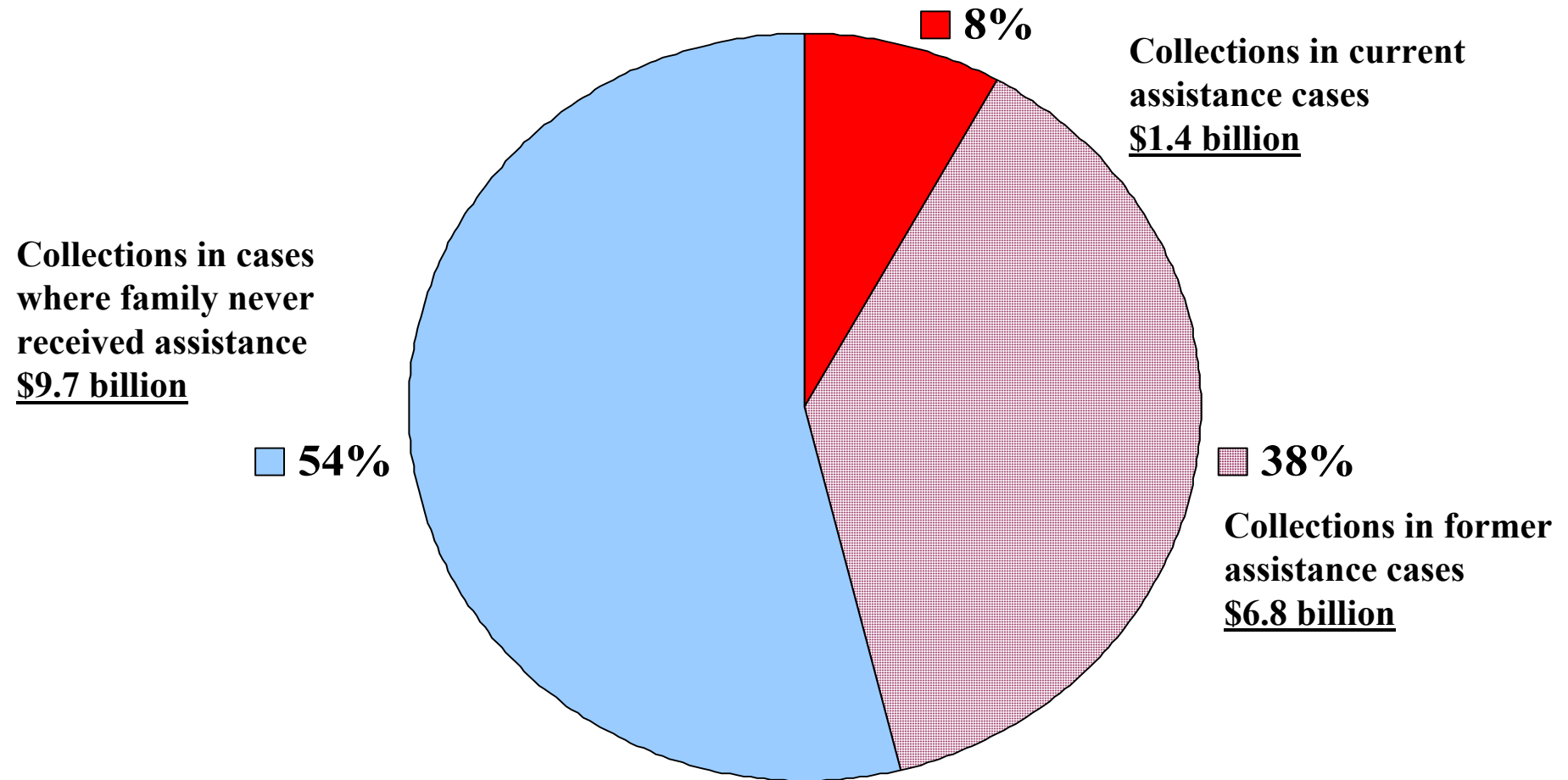
The largest group of families participating in the child support program is welfare leavers.



# Child Support Program Collections

## \$17.9 Billion in 2000

Most support is collected for low-income working families who have left welfare or never received it.



# Child Support Program

## *Collections by Type of Case*

### 2000

|  | <b>Total IV-D Cases</b> | <b>Current Assistance Cases</b> | <b>Former Assistance Cases</b> | <b>Never Assistance Cases</b> |
|--|-------------------------|---------------------------------|--------------------------------|-------------------------------|
| <b>Cases w/orders</b>  | <b>62%</b>              | 44%                             | 67%                            | 64%                           |
| <b>Cases w/collections</b>   | <b>42%</b>              | 25%                             | 44%                            | 47%                           |
| <b>Cases w/orders and collections</b>                              | <b>68%</b>              | 57%                             | 66%                            | 74%                           |
| <b>Average amount of collections in all cases<sup>1</sup></b>      | <b>\$1,028</b>          | \$410                           | \$865                          | \$1,568                       |
| <b>Average amount of collections in cases with any collections</b> | <b>\$2,469</b>          | \$1,645                         | \$1,961                        | \$3,309                       |

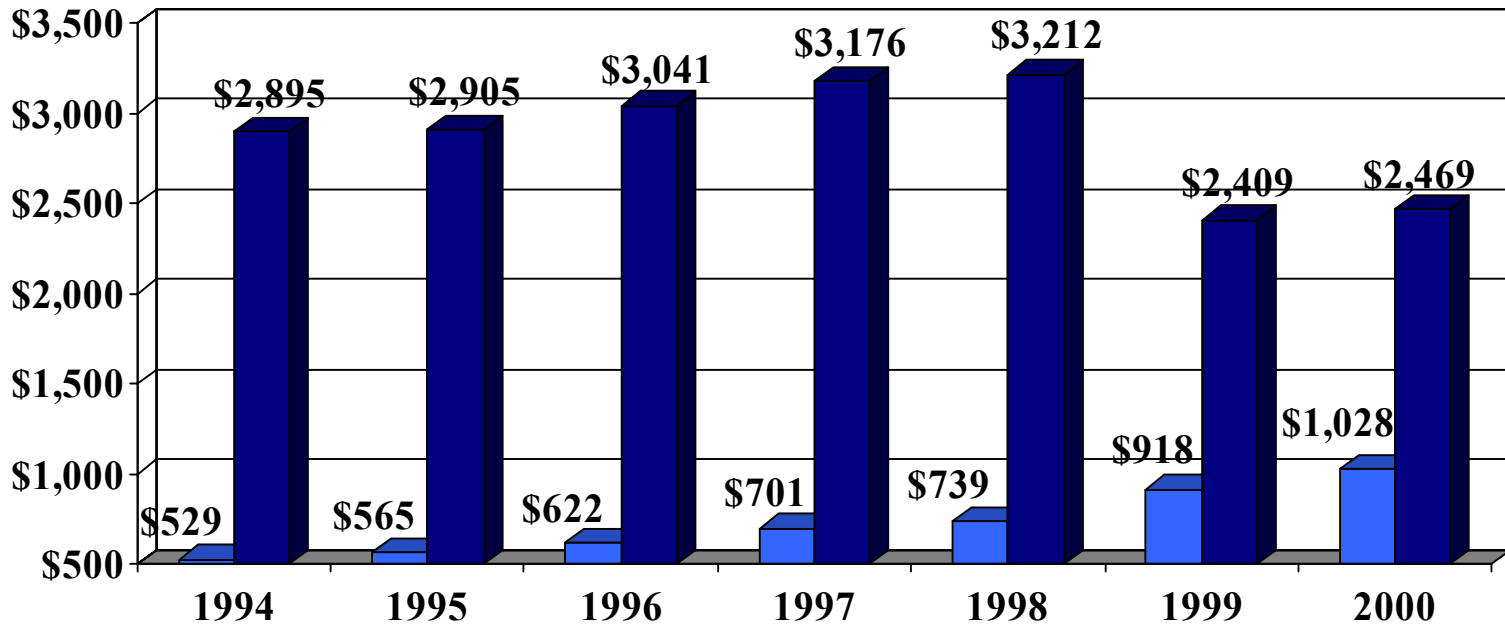
1. Annual average includes IV-D cases with zero collections, including cases lacking established paternity or support orders. Of all cases, 38% lack a support order. Of those cases with a support order, 32% have no collections.

# Child Support Program

## *Average Annual Payments in Cases with Collections*

### 1994 - 2000

The child support program is collecting support in more cases, but many of these cases do not pay as well.



- Average amount of collections in all IV-D cases
- Average amount of collections in IV-D cases with any collections

# Child Support Program *Improved Performance*

|  | 1995   | 2000   |
|--|--------|--------|
| Total collections (billions):          | \$11 B | \$18 B |
| Total cases (millions):                | 19 M   | 17 M   |
| Percent of cases with support orders   | 57%    | 62%    |
| Collection rate for all cases:         | 19%    | 42%    |
| Collection rate for cases with orders: | 34%    | 68%    |

# Child Support Program

## *Performance Rates Used for Incentive Payments*

### 2000

**Federal incentive payments are now based on state performance in five areas. The chart shows nationwide performance levels, and the minimum levels a state must meet to receive at least a partial incentive payment.**

| Indicator  | Nationwide level | Minimum level |
|--|------------------|---------------|
| Paternity establishment percentage (IV-D caseload), or | 65%              | 50%, or       |
| Paternity establishment percentage (statewide)         | 100%             | 50%           |
| Percent of cases with orders                           | 62%              | 50%           |
| Percent of current support collected                   | 56%              | 40%           |
| Percent of cases with arrearage collections            | 60%              | 40%           |
| Cost-effectiveness                                     | \$4.21           | \$2.00        |

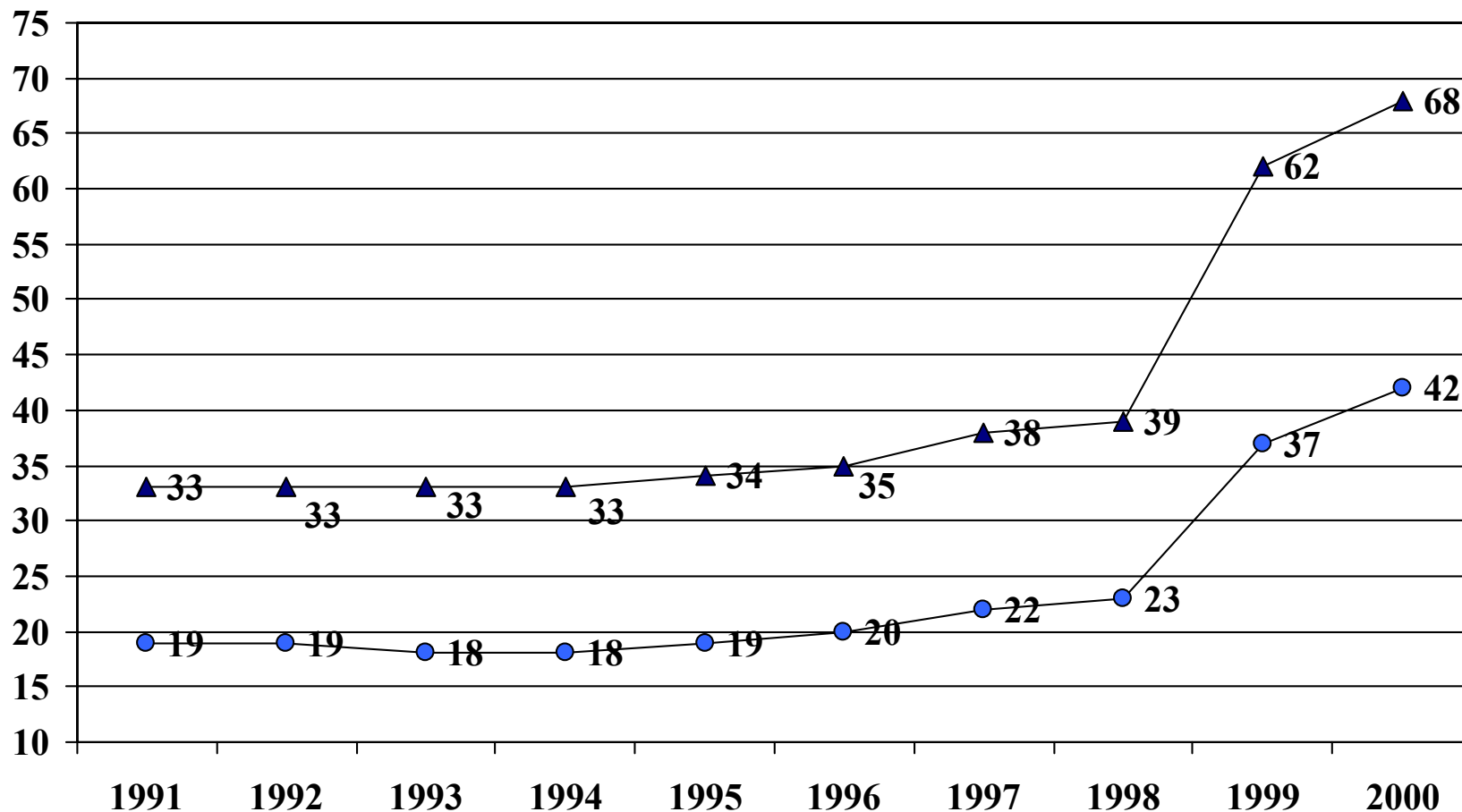


# Child Support Program

## *Collection Rates, 1991-2000*

Collection rates have doubled since 1995, due in large part to child support reforms included in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

Percent



▲ % of IV-D cases with orders and collections

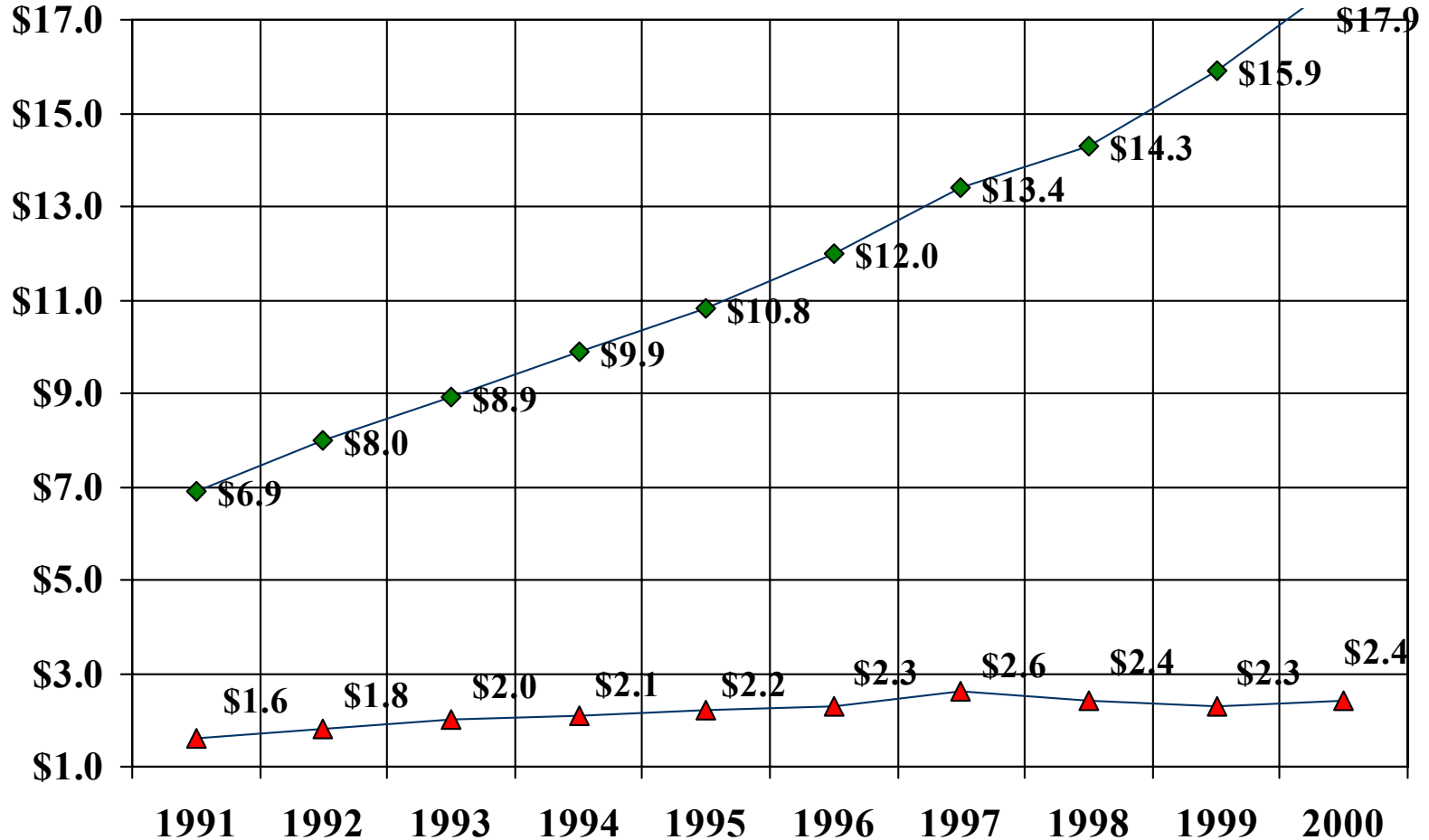
● % of all IV-D cases with collections (including cases with and without orders)

# Child Support Program

## *Amount of Collections, 1991 - 2000*

Although total collections have more than doubled in the last 10 years, retained welfare collections have declined since 1997.

Billions



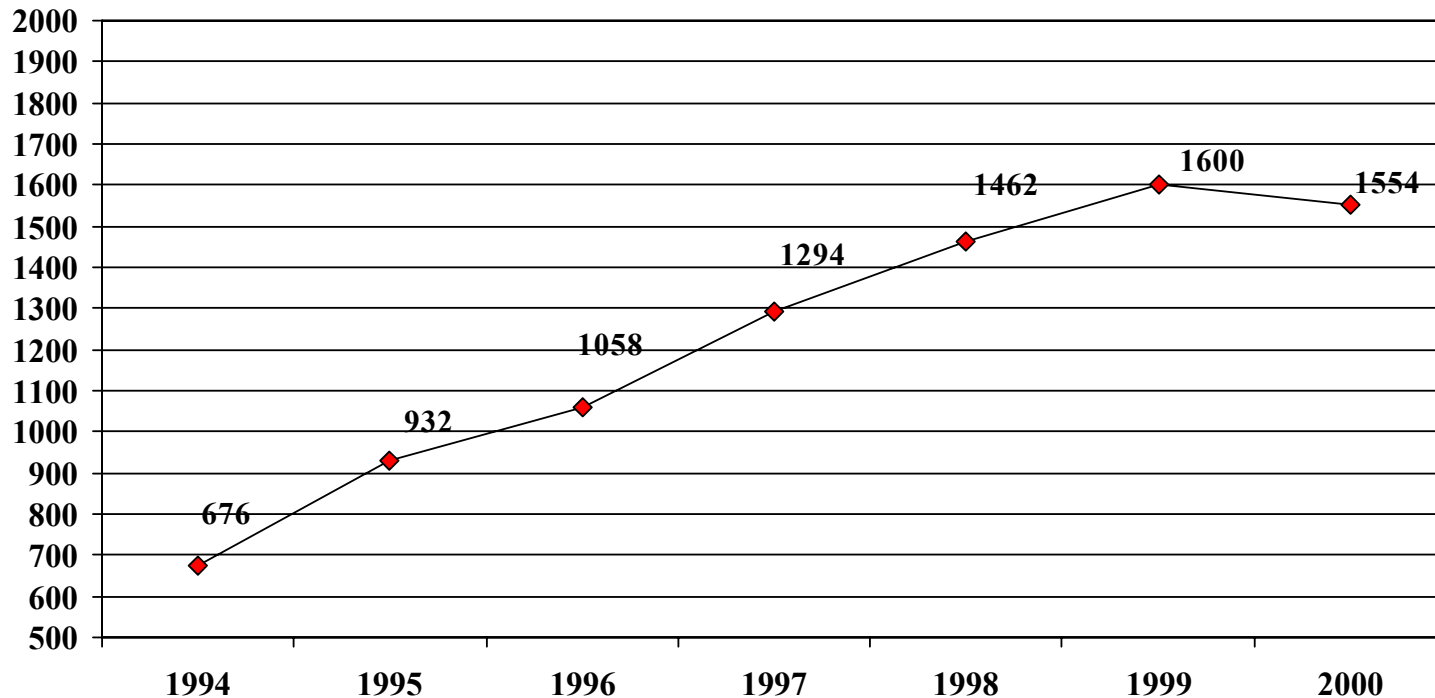
# Child Support Program

## *Number of Established and Acknowledged Paternities Per Year* 1994-2000

A child's paternity may be voluntarily acknowledged by the parents in the hospital when the child is born, or established by the court through a legal proceeding. The number of paternities acknowledged or established have more than doubled since 1994, when in-hospital procedures were implemented.<sup>1</sup>

Number of  
paternities

(000)



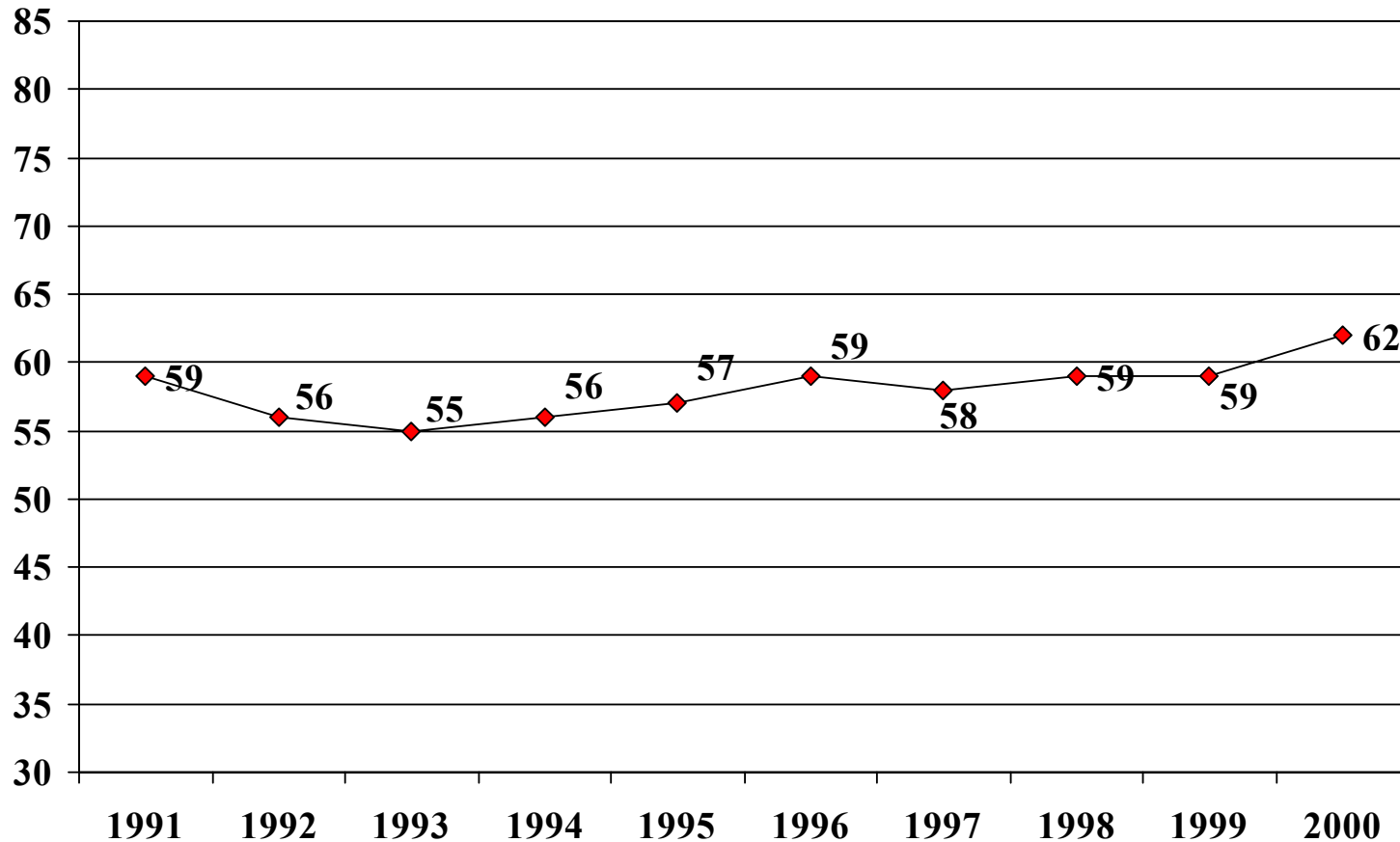
**1. Numbers include IV-D and non-IV-D children whose paternity is acknowledged in the hospital.**

# Child Support Program

## *Percent of Cases with Support Orders*

### 1991-2000

Order establishment has not kept pace with improvements in enforcement and paternity establishment.



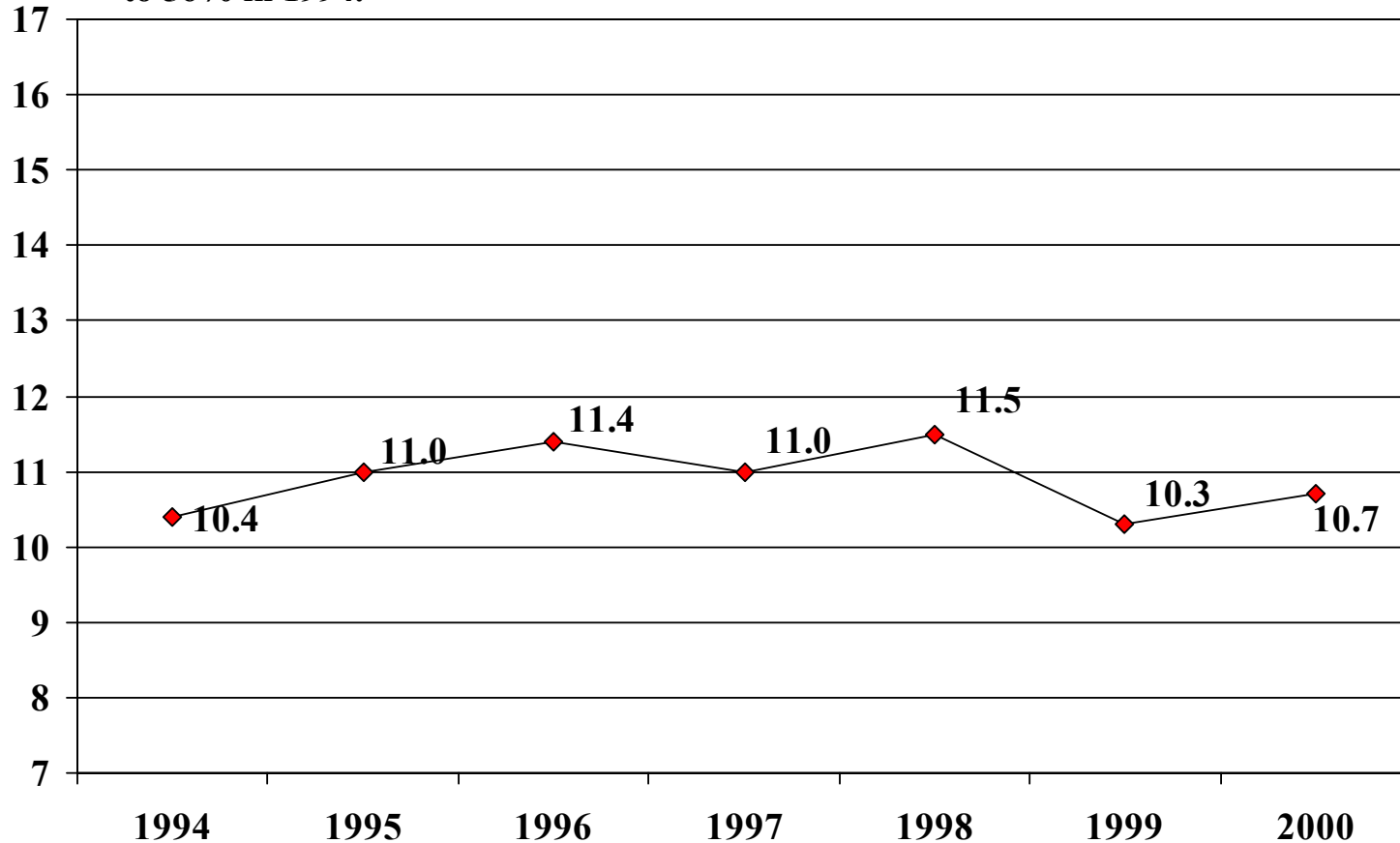
—◆— % of IV-D cases with established support orders

# Child Support Program

## *Number of Cases with Orders Established*

Millions of  
Cases

In 2000, 62% of all child support cases in the program had child support orders, compared to 56% in 1994.



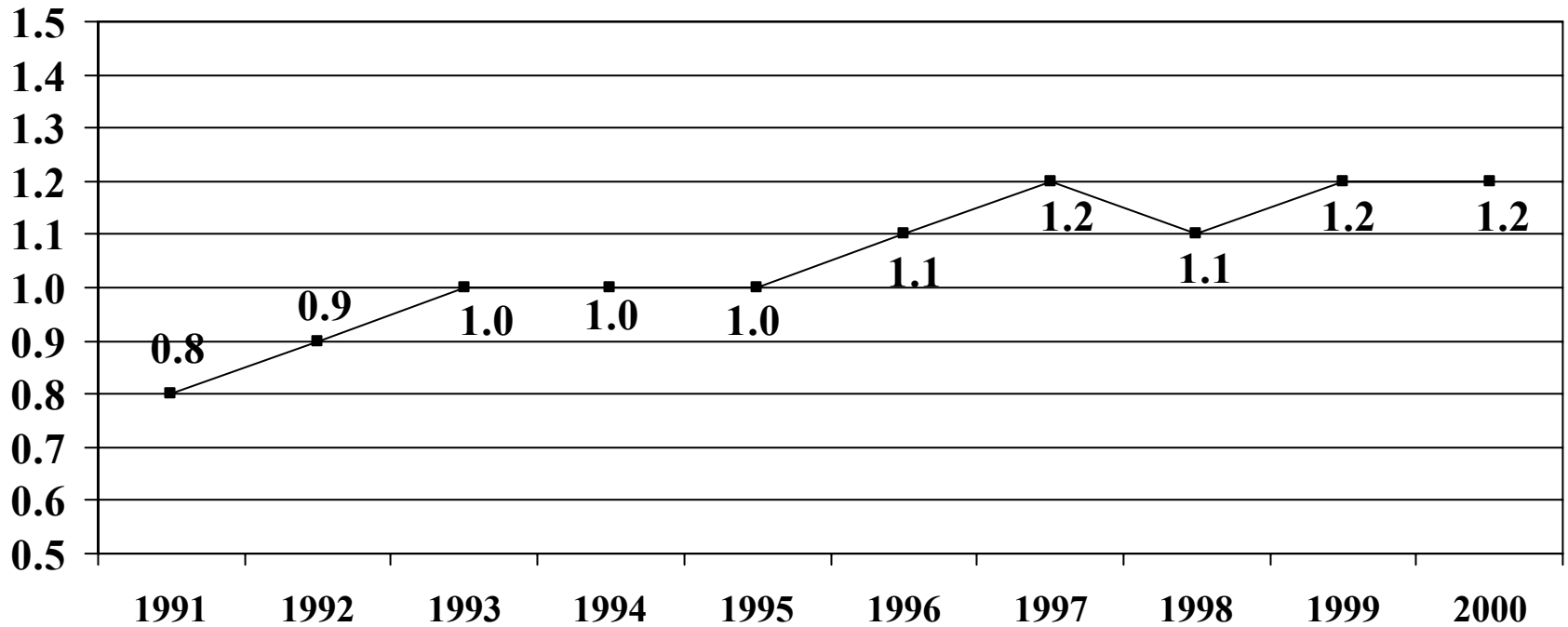
—◆— % of IV-D cases with established support orders

# Child Support Program

## *Number of Support Orders Established Per Year*

The number of support orders established by the program each year has increased by only 7% over the last 5 years.

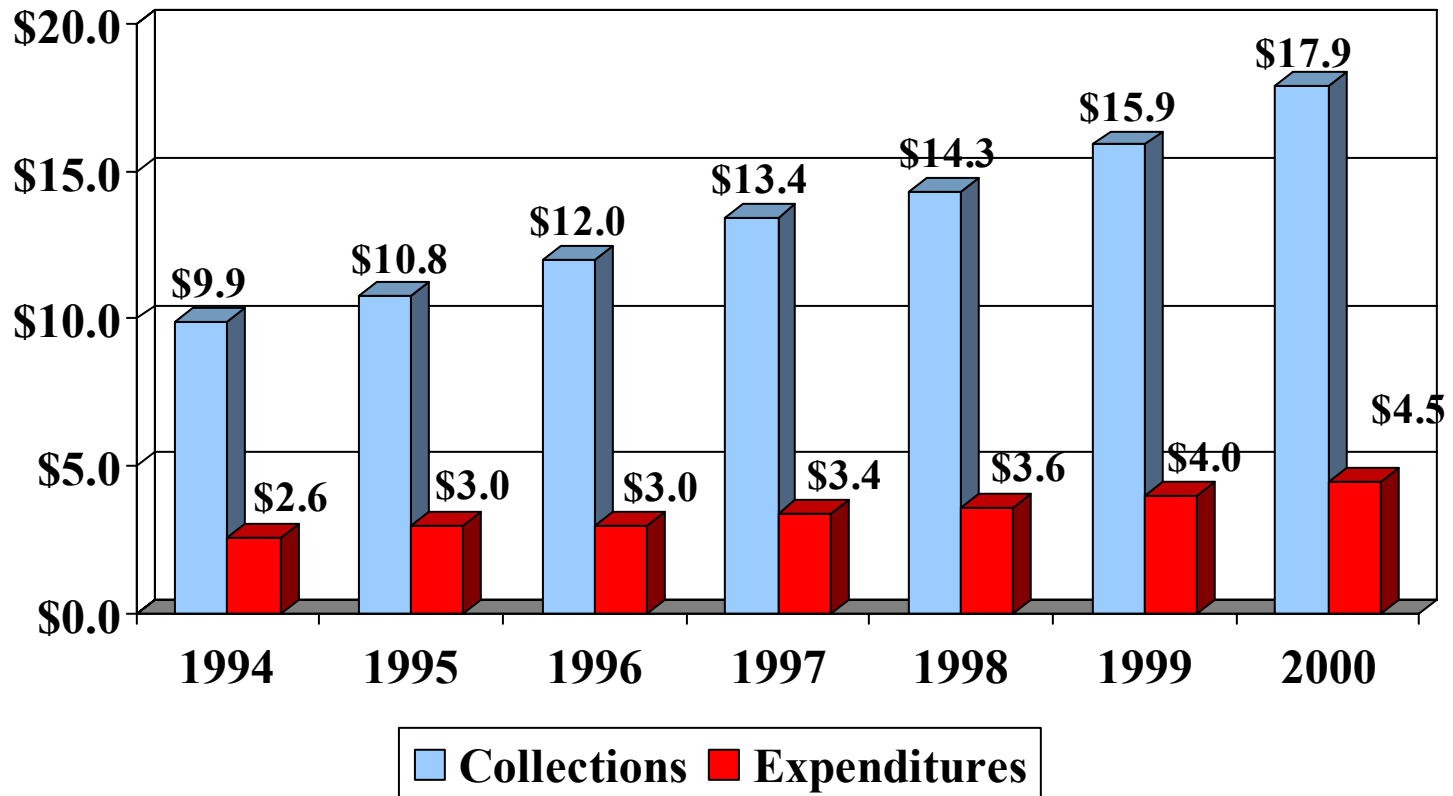
Millions of orders



# Child Support Program *Collections and Expenditures*

The child support program collects \$4 for every dollar it spends.

Billions



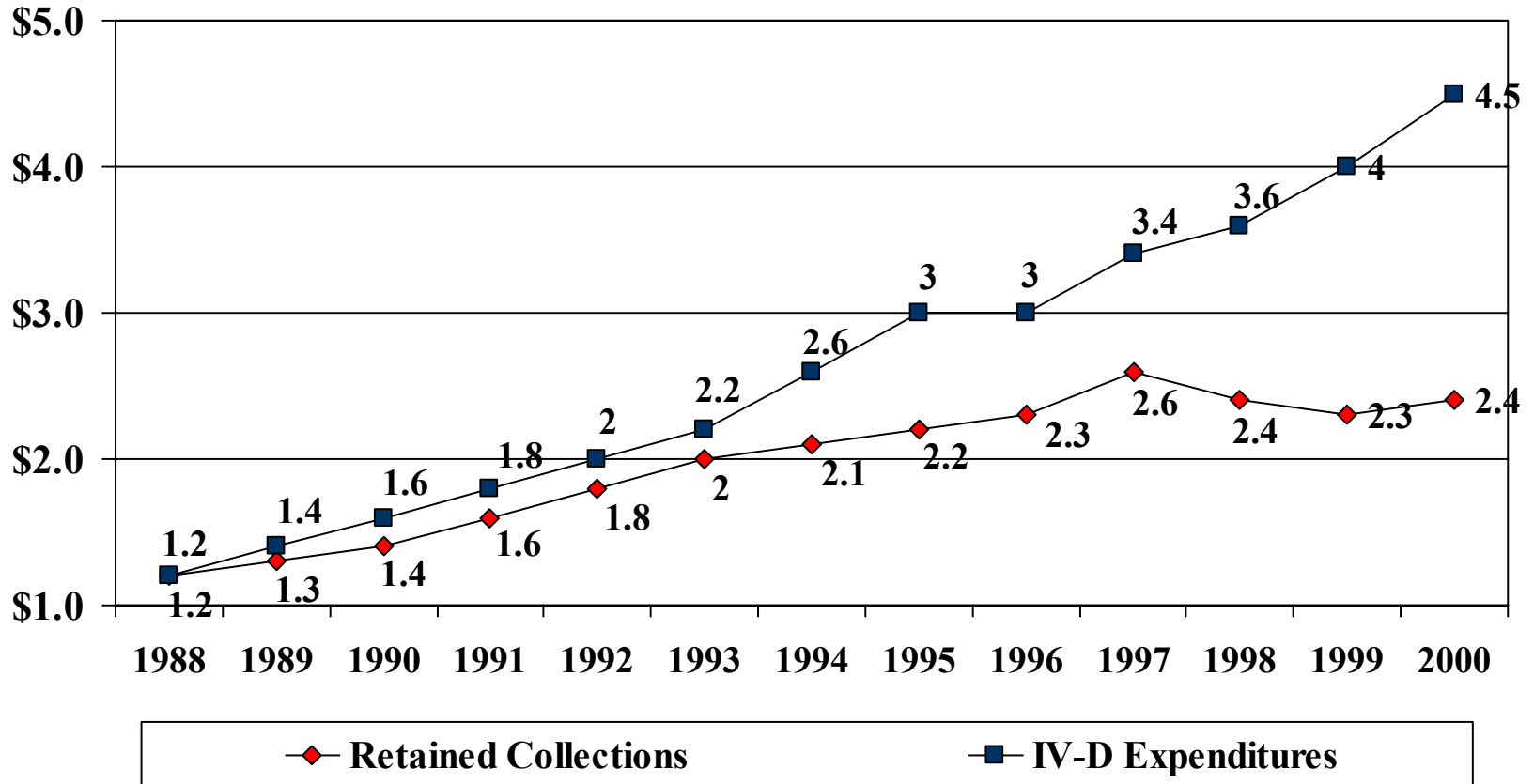
# Child Support Program

## *Retained Collections and Expenditures*

### 1988-2000

The child support program has not paid for itself since 1988.

Billions

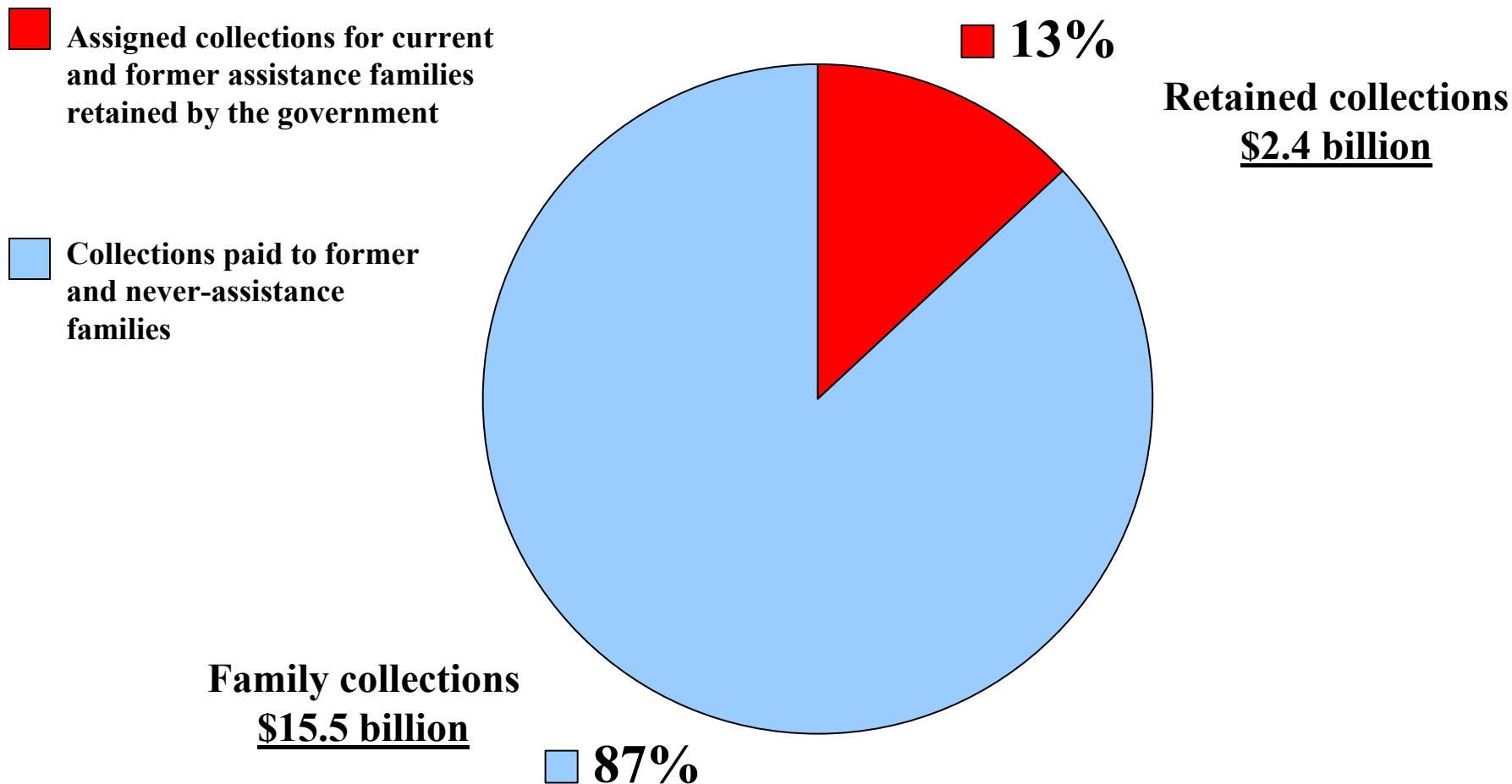




# Child Support Program *Collections*

## \$17.9 Billion in 2000

Most support is collected by the child support program is paid to families, but some collections are kept by the government to repay welfare benefits.

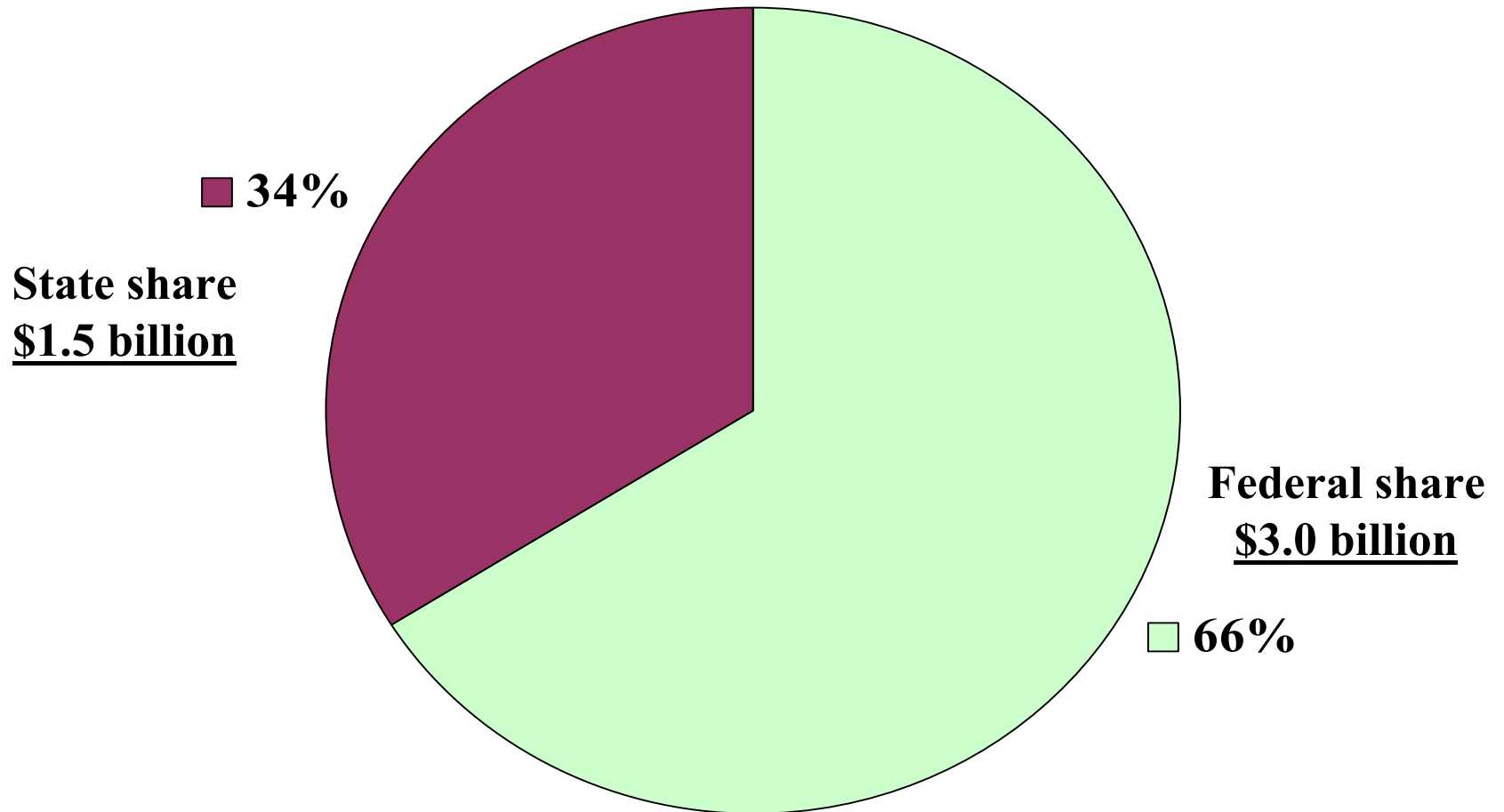


**Family collections**  
**\$15.5 billion**

**Retained collections**  
**\$2.4 billion**

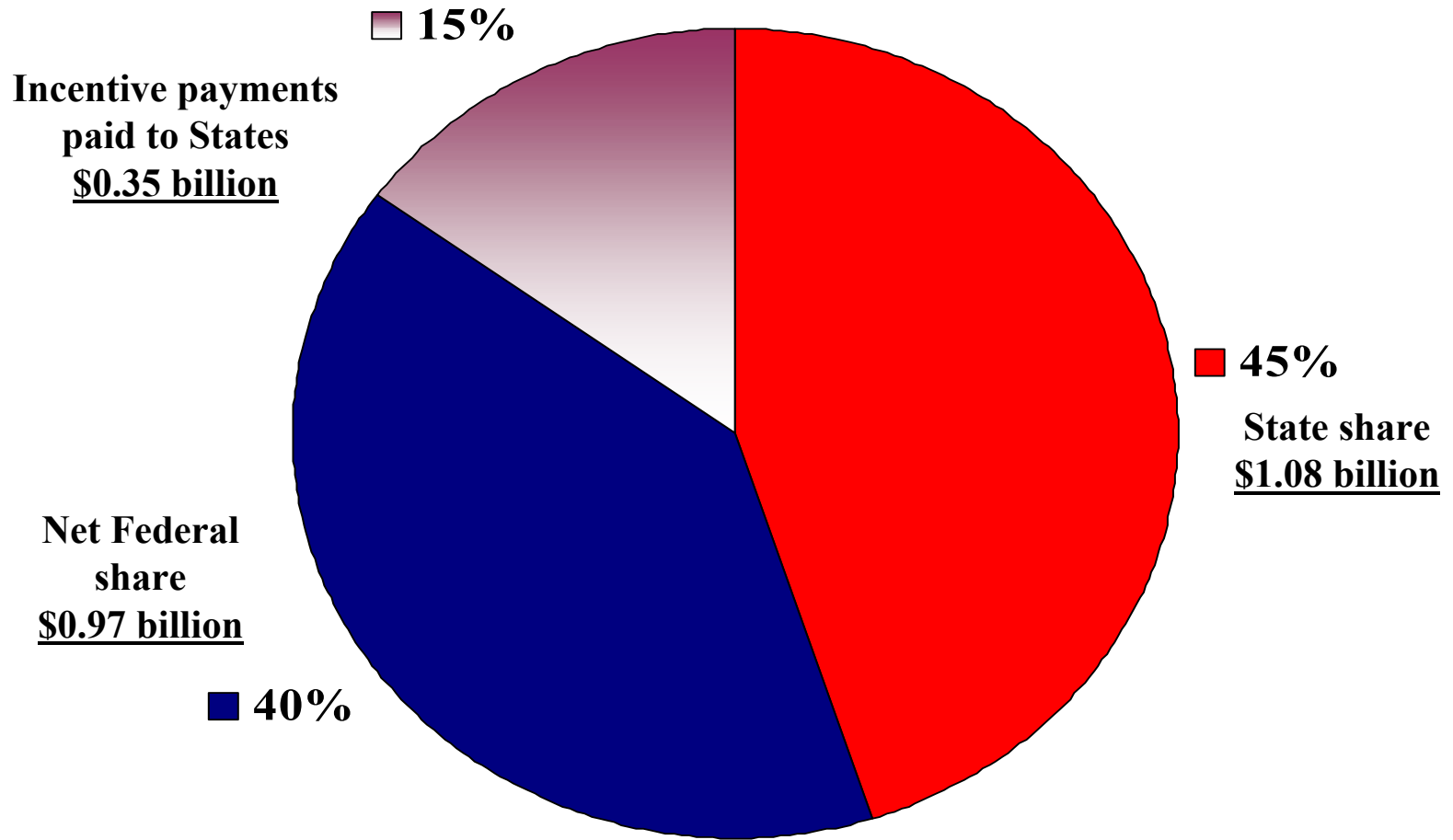
# Child Support Program *Expenditures* \$4.5 Billion in 2000

The federal government pays 66% of program costs, while states pay 34%.



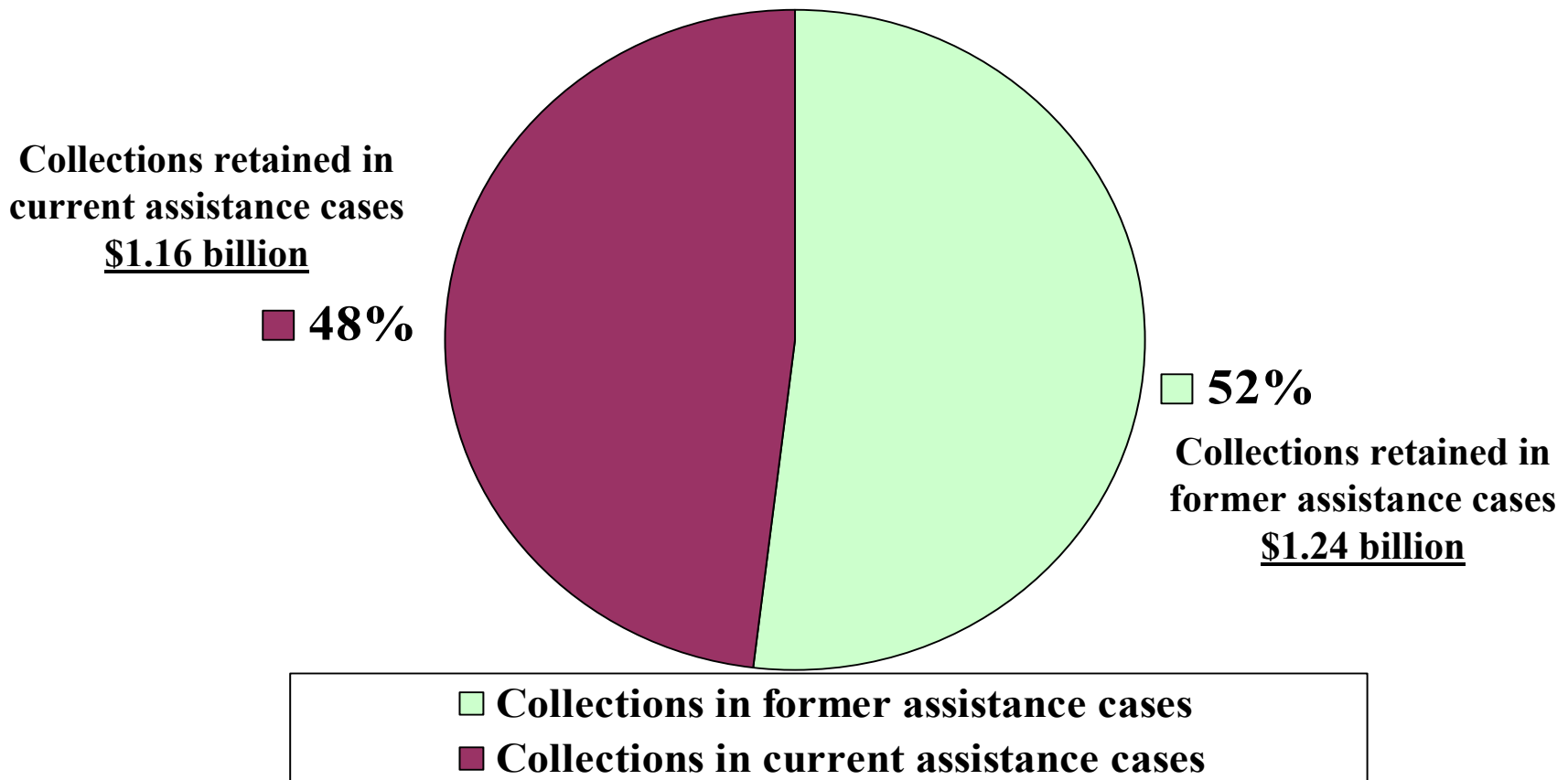
# Child Support Program *Retained Collections* **\$2.4 Billion in 2000**

The state retains collections for current and former assistance families and shares them with the federal government. Federal incentive payments to states are paid from the federal share.



# Child Support Program *Retained Collections* \$2.4 Billion in 2000

Slightly more than half of retained collections are collected for former TANF families. The government keeps 86% of collections for current TANF families and 18% of collections for former TANF families.



# Child Support Program

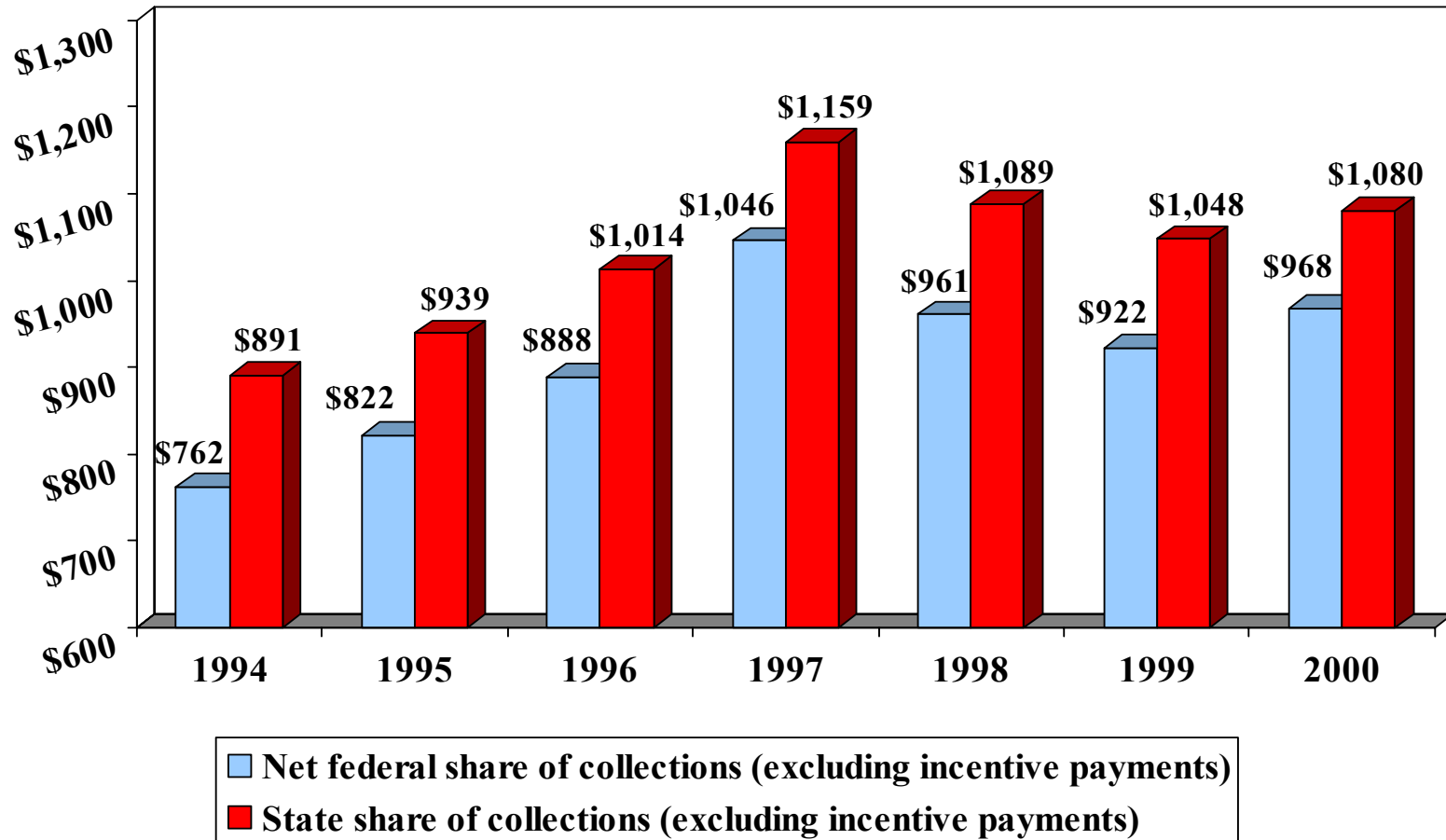
## *Federal and State*

### *Shares of Retained Collections*

#### 1994-2000

Millions

The state share of retained welfare collections is higher than the federal share, but both federal and state shares have fallen since 1997.



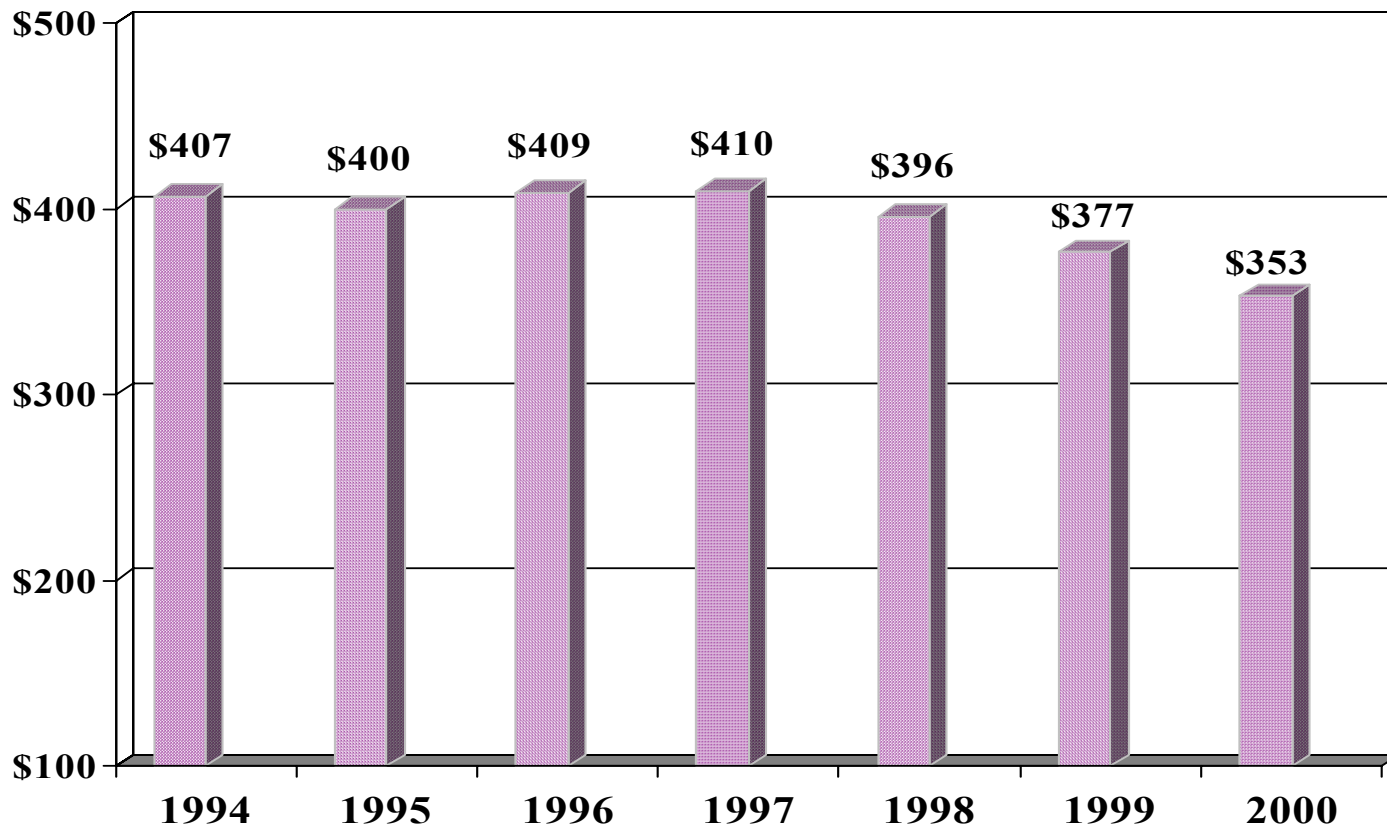
# Child Support Program

## *Incentive Payments*

### 1994-2000

Federal performance incentive payments to states have fallen since 1997, in part because of declining welfare collections and in part because of new performance incentive requirements.

Millions

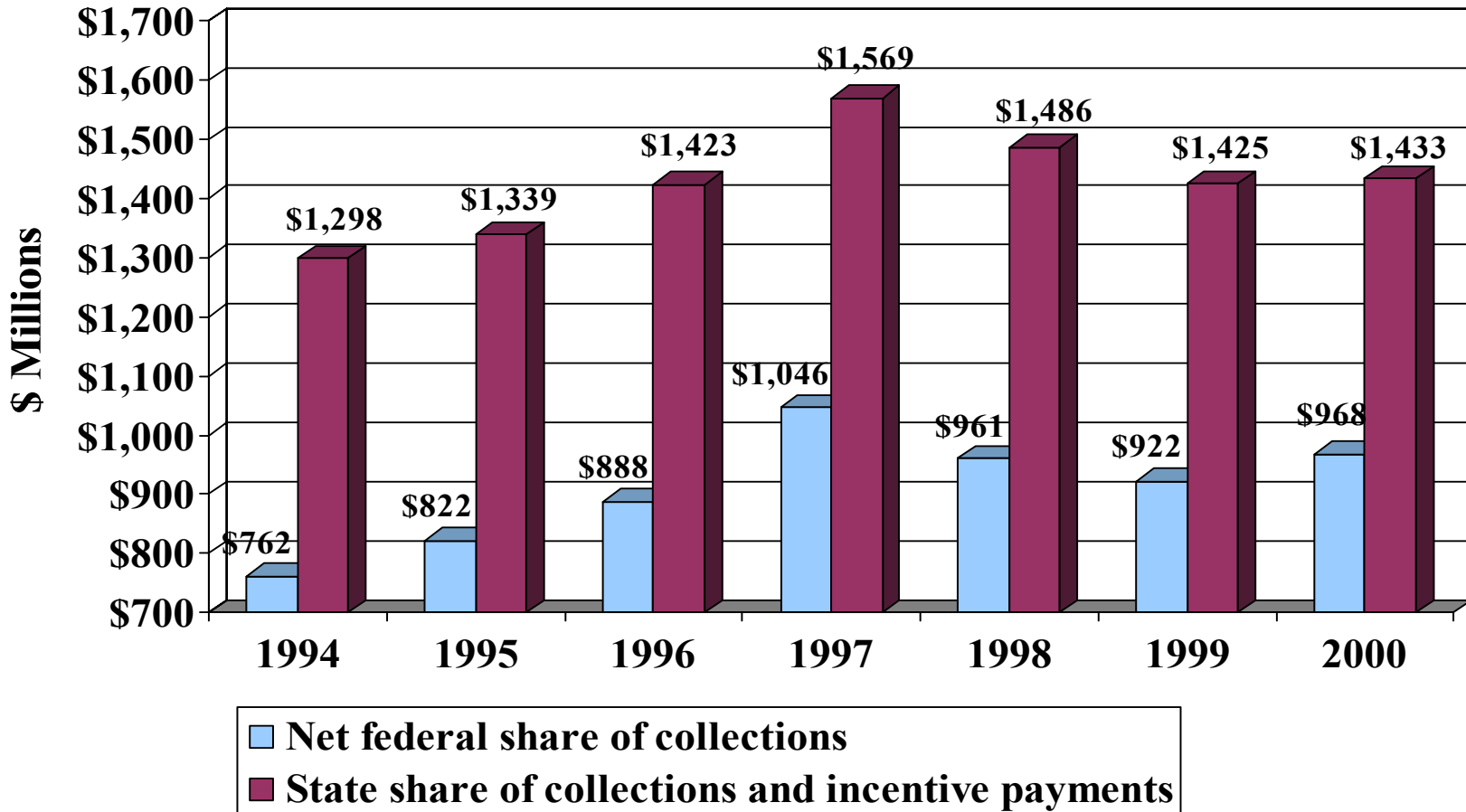


# Child Support Program

## *Net Federal and State Revenues*

### 1994-2000

State revenues from the child support program are higher than federal revenues, but federal and state revenues have fallen since 1997.



# Child Support Program

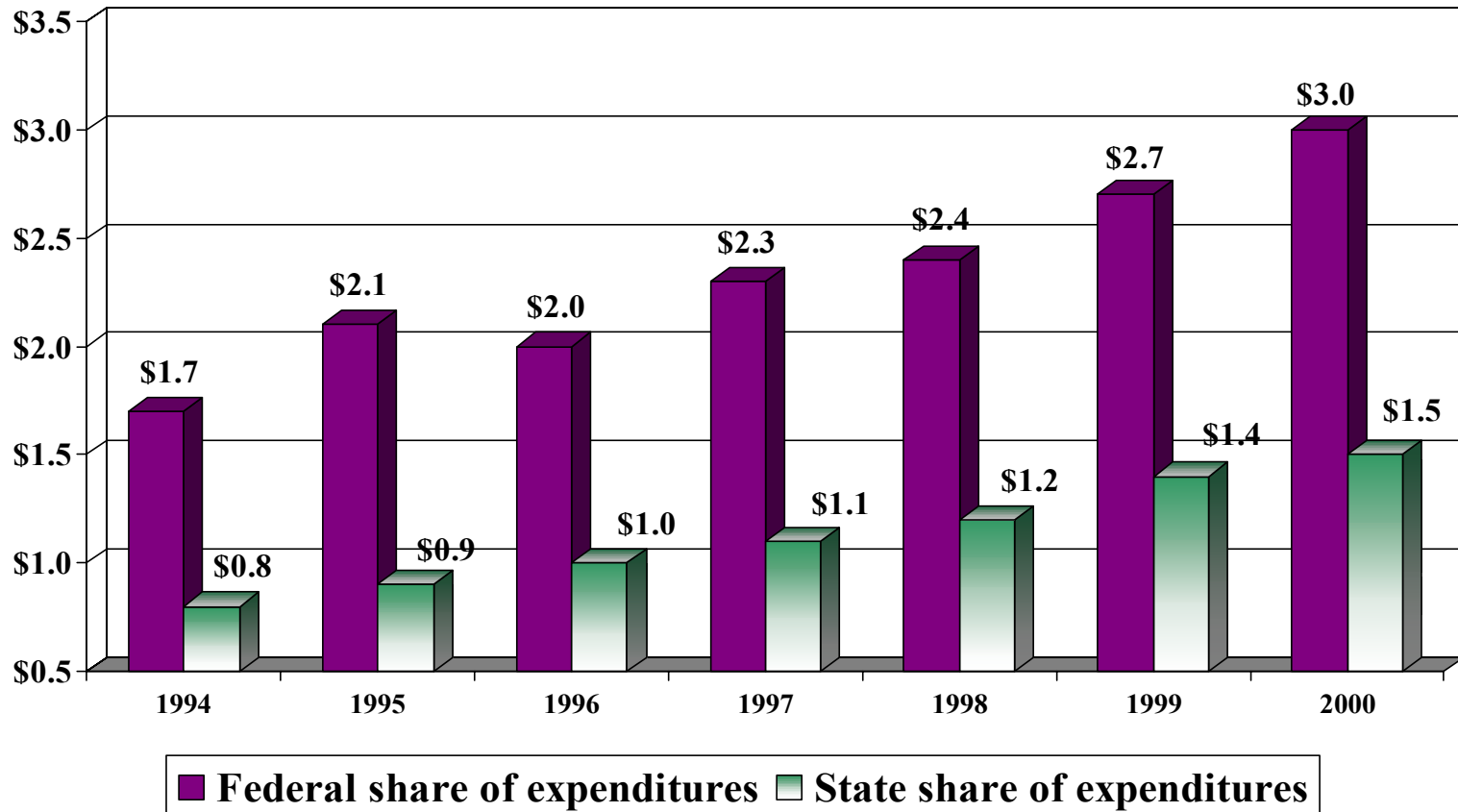
## *Federal and State*

### *Shares of Expenditures*

#### 1994-2000

The federal government pays a larger share of program costs than states, but both federal and state costs have increased.

Billions

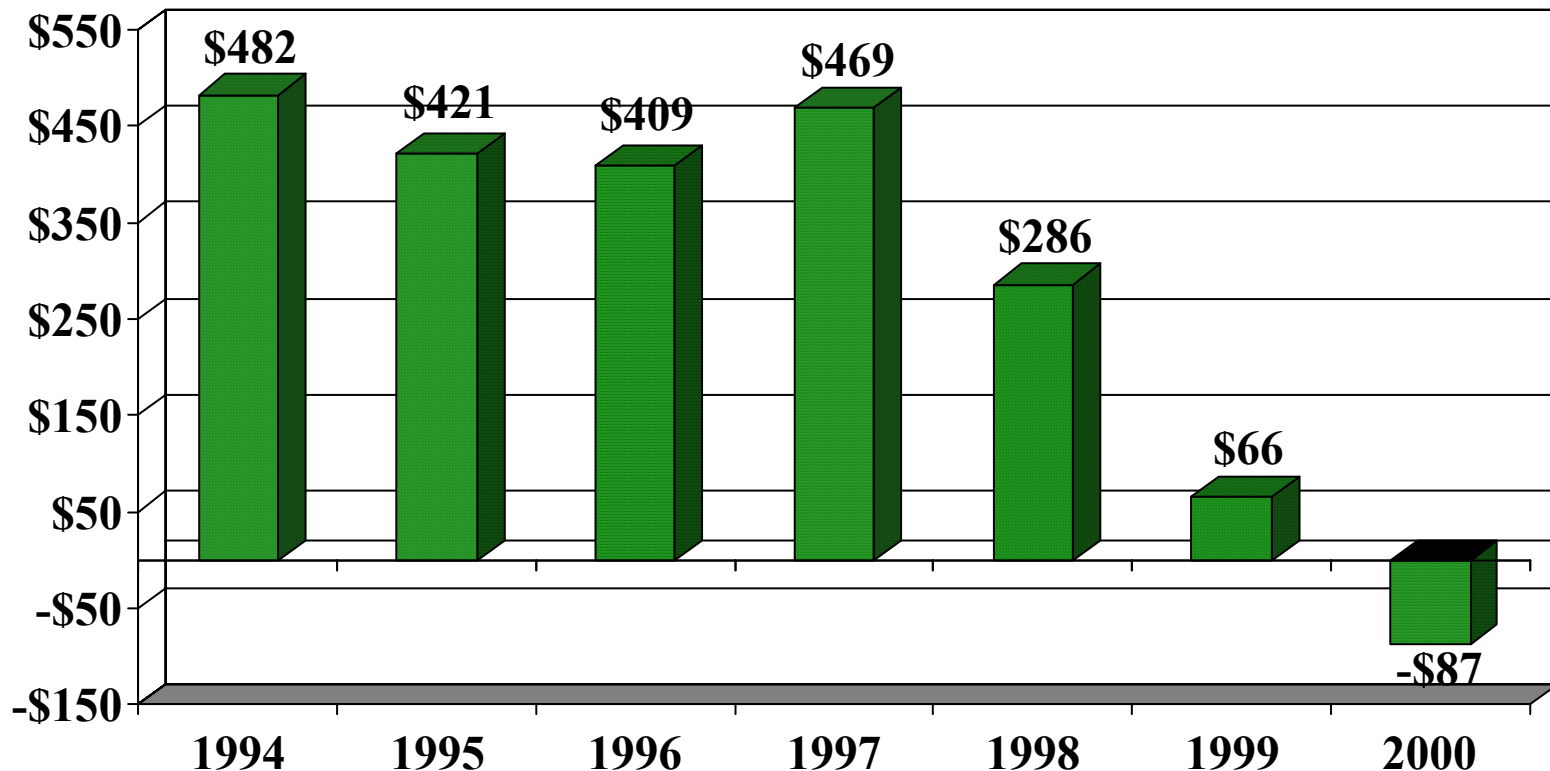




# Child Support Program *State Savings (Before Pass-Through)<sup>1</sup>* 1994-2000

States no longer make money on the child support program.

\$Millions



1. Since 1997, state savings reported to HHS have not included amounts passed through to TANF families from the state share of collections. Unreported state pass-through amounts reduce state savings.