

Report on Effort to Aid Poor Fathers Offers Discouraging News

By JASON DePARLE

WASHINGTON, Sept. 28 — As the age of limited benefits descends on welfare families, policymakers have shown a keen new interest in absent fathers, especially the undereducated, underemployed, often streetwise men, who go months, if not years, without seeing their children.

Dozens of programs have sprung up to raise the earnings of these fathers. Researchers today released a long-awaited study of the program for fathers that bore the hopes of a previous round of overhauls, and it mostly added to the literature of disappointment that surrounds initiatives for poor minority men.

The program Parents' Fair Share failed to increase the earnings or

employment of noncustodial fathers it served. It did show a small increase in the average amount of child support the fathers paid: about \$4.20 a month, an increase of 6 percent. But even that finding came with a footnote, because it failed a test of statistical significance.

The program tried to increase the fathers' earnings and their child support payments and strengthen their family ties. Most of the fathers in the program, which offered a mix of training and counseling services, were black or Hispanic men and about half had not finished high school.

The study was conducted by the Manpower Demonstration Research Corporation, a nonprofit organization based in New York City. The report's general conclusions had long circulated among policymakers long before its official release, and the lessons have already been sharply debated among the warring camps shaping a new generation of programs for poor fathers.

In a telephone interview today, Fred Doolittle, a vice president of the research corporation, said that not all of the findings were discouraging. While the increase in child support payments was small, he said, "many people didn't expect any child support increase."

Mr. Doolittle also cited anecdotal evidence, not quantified in the report, that counseling sessions with "peer support groups" led fathers to become more involved with their children. "That was a very encouraging

surprise," he said. Many of the new programs emphasize these peer support groups.

Still, even supporters of fatherhood programs concede their work remains cut out for them. "It's disappointing that we didn't see these guys running to the employment offices," said Representative E. Clay Shaw Jr., a Florida Republican who is promoting a bill that would spend \$2 billion on new programs for poor fathers. Mr. Shaw would direct the money toward programs with a greater emphasis on marriage and give some of it to religious groups, hoping "they can get through to some of these harder cases that the bureaucrats fail at."

Operating from 1994 to 1997 with Government and foundation money, Parents' Fair Share grew out of a 1988 welfare law. It tried to build better relationships between child support agencies and poor fathers whose children were often on welfare. It operated in seven cities: Dayton, Ohio; Grand Rapids, Mich.; Jacksonville, Fla.; Los Angeles; Memphis; Springfield, Mass., and Trenton. In exchange for their cooperation, the program promised fathers training and counseling services, with three explicit goals: to raise the fathers' earnings, increase child support payments and strengthen their interaction with their children.

But the study notes that the program typically suffered from a cumbersome administration, split between child support agencies that stressed collection and nonprofit groups that stressed services. In some places, there was a shortage of training programs that would admit the fathers.

In the program, almost half of the men had not graduated from high school and nearly 70 percent had criminal records. About 80 percent of the fathers referred to the program by local child support agencies were black or Hispanic.

The program's effect on child support came in two ways. First, just by forcing child support agencies to review cases they typically ignored, it identified some fathers able to pay, perhaps through previously unreported jobs. The extra case reviews raised the average child support payment by 19 percent, to a monthly average of \$61.

The second effect was found among the fathers actually referred to the program. Their payments increased an average of 6 percent to a monthly total of about \$75. The increases were most pronounced in Dayton, where payments rose 55 percent, to \$60 a month, and in Grand Rapids, where they rose 20 percent to \$91 a month.

The payment amount actually fell in Memphis, Trenton and Springfield, though the declines were not statistically significant. In all of the locations, the percentage of fathers who made any payment in an 18-month period rose to 73 percent from 69 percent.

The lessons for the future?

Wendell Primus, an analyst at the Center on Budget and Policy Priorities, a nonprofit research group in Washington, wants more and better services. "There were some sites that did better, and that gives me some cause for optimism," he said.

But some conservatives said the results underscored the limits of traditional social services. "The promotion of marriage is the ideal," said Wade Horn, president of the National Fatherhood Initiative, a nonprofit group that promotes responsible fatherhood. He acknowledged that the "restoration of marriage" might also be difficult to achieve.

The New York Times

TUESDAY, SEPTEMBER 29, 1998

'Welfare Fathers' Aid Program Criticized

By JUDITH HAVEMANN
Washington Post Staff Writer

The nation's most ambitious effort to help the fathers of children on welfare failed to increase the men's employment or earnings and had only modest success at forcing them to make child support payments, according to an extensive study to be released today.

Overall, men enrolled in the \$12 million program did no better in the job market than similar men who received no help.

The study represents the most comprehensive examination of fatherhood programs that have developed into a crucial component of the nation's social policy. When Congress rewrote the federal welfare laws two years ago, it ushered in a new crackdown on absent fathers, requiring states to track them down and force them to help pay for the support of their children. As a result, numerous programs have proliferated around the country to help carry out this goal. But detailed results from the largest of these efforts offered dispiriting news about how these programs are working.

Called "Parents Fair Share", the program operates in seven cities across the country and reaches about 2,600 absent fathers. Half of the men lack a high school diploma and 70 percent have an arrest record.

The program rests on a tripod of agencies: Child support collection officials give the men a break on their monthly payments if they participate in the programs, social service agencies conduct counseling sessions on what it takes to be a good father, and labor agencies offer job clubs and training classes to help the men land jobs.

But in its study of the program, the Manpower Demonstration and Research Corporation found that 78 percent of the men held jobs at some point during the 18-month period studied—whether or not they were in the program. The New York-based research organization also discovered that the participants in Parents Fair Share earned an average of \$7,352, while a group of similar men made \$7,670 during the same period. Overall, 72 percent of the fathers in Parents Fair Share made at least one child support payment during the 18 months studied, compared

with 69 percent of a similar group of fathers not enrolled in the program. However, the total amount collected from both groups of fathers was almost the same. Two cities—Grand Rapids, Mich., and Dayton, Ohio—had stronger results, partly because of better cooperation among the separate agencies, according to the report.

Although the services provided by the program seemed to have no effect, the screening process by which applicants were selected ended up spurring child support collections. Normally, the system rarely goes after welfare fathers for child support because states believe they will spend more going after them than they will collect in payments.

But when the states began their fatherhood programs, they started asking more questions of these men, and ended up distinguishing those who couldn't pay from those who wouldn't. And overall, child support payments were about 19 percent higher for the men screened, whether or not they were selected to participate in the program.

Ron Mincy, a program officer at the Ford Foundation, which helps fund the program, said that while the men in the program received counseling and support, they received little actual training that might help them develop the skills that could land them better jobs.

A new program being launched by the foundation will provide targeted money for training low-income men in an effort to see whether this is more successful.

In all, 38 states have promised to spend some federal welfare money on fathers and Congress is considering whether to increase the money available.

"We don't have all the answers," said Rep. E. Clay Shaw (R-Fla.), leading author of the welfare bill, "and we would have much preferred that the research told us we were on the right track. But we can't give up on these kids. They need fathers."

Finding the answer is critical, said Wendell Primus, director of income security at the Center on Budget and Policy Priorities. "We can't have the women overemployed as breadwinners, caretakers and parents, and the men sitting idle," he said.

The Washington Post

TUESDAY, SEPTEMBER 29, 1998



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November 6, 1998

Ms. Cynthia Rice
Domestic Policy Counsel
Old Executive Office Building, Rm. 212
17th and Pennsylvania Ave., NW
Washington, DC 20502

Dear Ms. Rice:

It is our pleasure to invite you to the *Fathers and Families Roundtable* on "Welfare Reform, Fathers, and Families," co-sponsored by the National Center on Fathers and Families (NCOFF) and The Urban Institute. The roundtable will be held on December 8 at The Urban Institute, 2100 M Street, N.W., in Washington, D.C.

The roundtable will include two sessions, a morning symposium open to policymakers and family and welfare specialists, primarily in Washington and the surrounding areas and an invited afternoon small-group session focused on specific research, practice, and policy issues. The morning session will be a point-counterpoint centered on three questions: (1) *What should be the balance between tougher child support enforcement and enabling services for poor families,* (2) *How should services for dads be financed,* and (3) *Should there be incentives (like the pass-through) within the child support enforcement system and elsewhere to encourage low-income non-custodial fathers and custodial mothers to "play by the rules"?* (See the enclosed agenda.) A brief discussion will follow each point-counterpoint presentation.

The format for the afternoon session will include two panels. The first will be constituted with representatives from national legislative and advocacy organizations who will provide a response to issues raised in the morning session and in relationship to the mission and interests of their constituencies. The second will include family specialists who will provide an overview of the status of work and needs within research, practice, and policy. As a follow-up to these short presentations, attendees will convene into breakout groups whose task it will be to formulate specific questions and identify researchable areas of work identified in both the morning and early afternoon sessions.

We expect that the conversations begun and debates generated from the roundtable will provide a rich source of information that will contribute to the conceptualization and implementation of research efforts in the field. At the end of the roundtable, we expect to have a sense of the status of the issues and to be able to pursue recommendations for advancing sound research.

We hope that you will accept this invitation to attend this roundtable and ask that you complete the enclosed response sheet or contact Drita S. Taraila at NCOFF (215/573-5500 or dritat@gse.upenn.edu) by Thursday, November 12 to confirm your acceptance of our invitation.

We look forward to hearing from you.

Yours sincerely,



Vivian L. Gadsden
Associate Professor
Director, NCOFF
215/573-5500



Elaine Sorensen
Senior Research Associate
The Urban Institute
202/261-5564

Enclosures

National Center on Fathers and Families
Welfare Reform, Fathers, and Families Roundtable
Invitee Response Form

Ms. Cynthia Rice
Domestic Policy Counsel

To help us in the planning of this Roundtable, please return this response form by fax to (215) 573-5508 by **Thursday, November 12.**

- Yes, I will attend the Welfare Reform, Fathers, and Families Roundtable on Tuesday, December 8.
- No, I am unable to attend the Welfare Reform, Fathers, and Families Roundtable.

A block of rooms has been set aside at the Washington Marriott, 1221 22nd Street (at M Street), N.W., Washington, D.C. 20037. This is a short block from The Urban Institute (map enclosed). Marriott contact is Shirley Benaroya (202/261-9715). Single room rate is \$145 plus tax.



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Welfare Reform, Fathers, and Families Roundtable
The Urban Institute
2100 M Street, NW
Washington, DC 20037

December 8, 1998

- 8:00-8:30 a.m.** **Continental Breakfast**
- 8:30-8:45 a.m.** **Overview of Meeting and Introduction**
Vivian L. Gadsden, National Center on Fathers and Families
Elaine Sorensen, The Urban Institute
- 8:45-9:00 a.m.** **Introduction of Issues**
Judge David Gray Ross, Federal Office of Child Support Enforcement
- Moderator: John Monahan, Administration for Children and Families, U.S. Department of Health and Human Services
- 9:00-9:45 a.m.** **Question 1:**
What should the child support enforcement role be in providing enabling services to poor families?
Commenters:
Diana Durham McLoud, National Center for Strategic Non-Profit Planning and Community Leadership
Linda Stewart, Secretary of the Department of Workforce Development, State of Wisconsin
- 9:45-10:30 a.m.** **Question 2:**
How do you finance enabling services to poor dads? Who should control the funding?
Commenters:
Wade Horn, National Fatherhood Initiative
Wendell Primus, Center on Budget and Policy Priorities

December 8, 1998
The Urban Institute

10:30-11:15 a.m.

Question 3:

Should there be incentives (like the pass-through) within the child support enforcement system and elsewhere to encourage low-income non-custodial fathers and custodial mothers to "play by the rules"?

Commenters:

*Diane Fray [unconfirmed], Office of Child Support Enforcement,
Connecticut Department of Social Services
Christa Anders, Child Support Enforcement Division,
Minnesota Department of Human Services*

11:15-12:15 p.m.

Lunch

12:30-2:00 p.m.

Panel 1

What evidence is needed to convince constituencies focused on welfare, child, and family support to move in one direction or another on the issues discussed in the morning session?

Moderator: Linda Mellgren, Office of Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services

*Evelyn Ganzglass, National Governor's Association
Jack Tweedie, National Conference on State Legislatures
Deborah Weinstein, Children's Defense Fund*

Panel 2

What else do we need to know in the areas of research and policy to strengthen practice?

Moderator: Barbara Kelley Duncan, Children's Defense Fund
*Edward Chisolm, Chatham-Savannah Youth Futures Authority
Ginger Knox, Manpower Demonstration Research Corporation
Geraldo Rodriguez, Central Maravilla Service Center, Department of
Community and Senior Services*

2:00-3:00 p.m.

Breakout Sessions

3:00-3:45 p.m.

Synthesis of the Issues

Commenters:

*Michael Laracy, The Annie E. Casey Foundation
Ronald B. Mincy, The Ford Foundation*

3:45-4:00 p.m.

Concluding Remarks

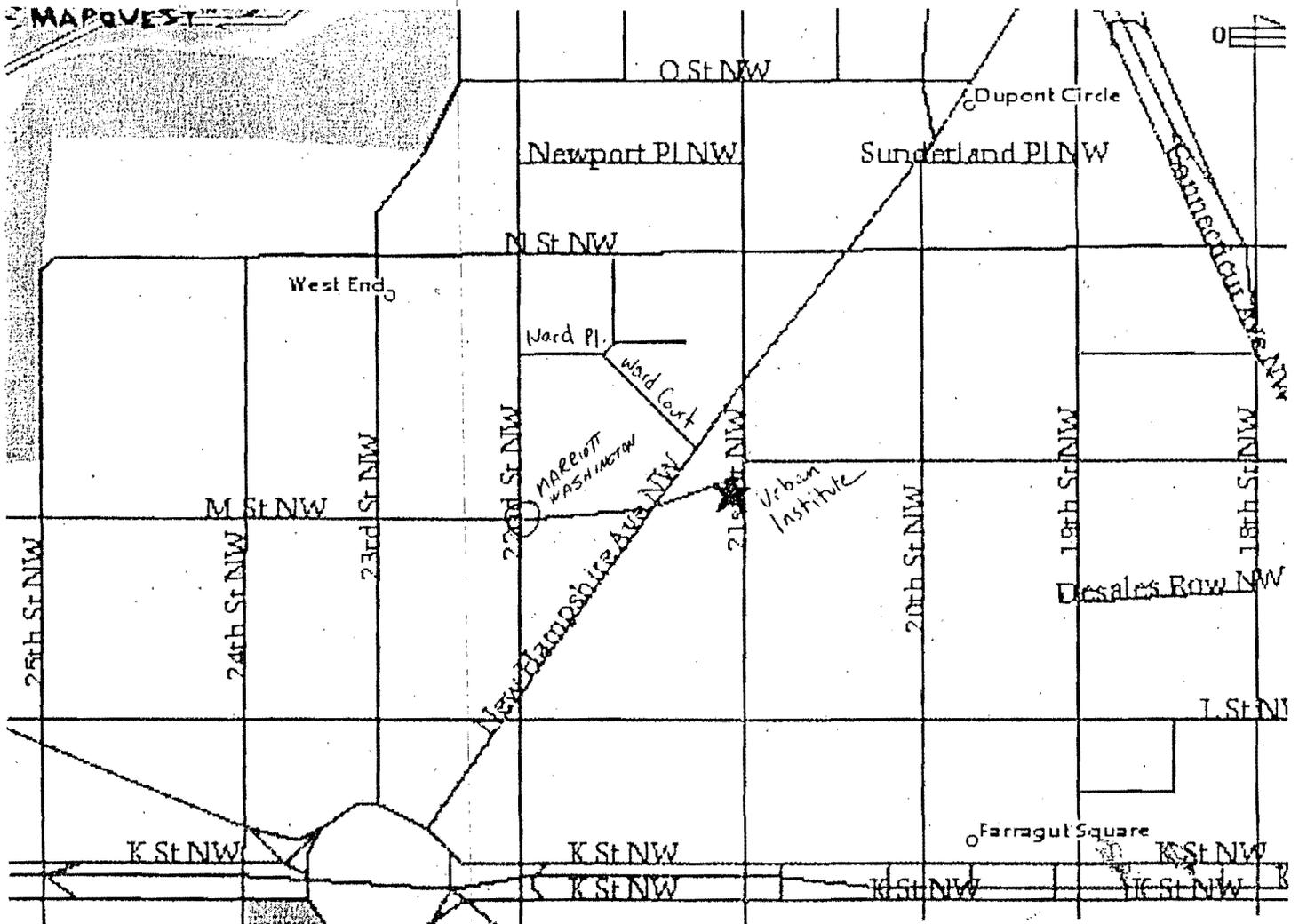
*Vivian L. Gadsden, National Center on Fathers and Families
Elaine Sorensen, The Urban Institute*

The Urban Institute
 2100 M Street, NW
 (202) 833-7200

Marriott Washington
 1221 22nd Street, NW
 (202) 261-9715

Directions from The Marriott Washington to The Urban Institute

Directions	miles
1. Start out going North on 22ND ST NW towards WARD PL NW.	0.1
2. Turn RIGHT onto WARD PL NW.	0.0
3. Turn SLIGHT RIGHT at the intersection of WARD CT NW to stay on WARD PL NW.	0.1
4. Turn LEFT onto NEW HAMPSHIRE AVE NW.	0.0
5. Turn SHARP RIGHT onto 21ST ST NW.	0.1





CC: Lynna
Fathers Group

THE THIRD JUDICIAL CIRCUIT
OF MICHIGAN

MICHAEL F. SAPALA
CHIEF JUDGE

710 CITY-COUNTY BUILDING
DETROIT, MICHIGAN 48226-3413

ALEXANDER N. LUVALL
EXECUTIVE COURT ADMINISTRATOR

FAMILY COUNSELING &
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October 16, 1998

Ms. Andrea Kane
Domestic Policy Staff
Office of the President
Old Executive Office Building
17th and Pennsylvania Avenues, NW
Room 271
Washington, DC 20501

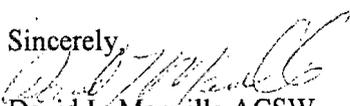
Dear Ms. Kane:

I would like to thank you for taking the time away from your obviously busy schedule to have met with myself and others on September 30, 1998 in regards to the Fathers Count Act of 1998, H.R. 3314. It was a pleasure to have met you and the others from the White House Domestic Policy staff.

As I mentioned at the meeting, attached you will find a written copy of the statements I presented, and various other pertinent items of value. I appreciate the opportunity to share other concerns and visions of the Family Court, Wayne County Friend of the Court here in Detroit, MI.

Again, thank you for making the time to meet with us and for allowing me the opportunity to forward this written material.

Sincerely,


David L. Manville ACSW
Family Counseling and Mediation Unit Supervisor

*David L. Manville, Family Counseling and Mediation Department, Family Court, Wayne County
Friend of the Court, Detroit, MI*

Submitted statement from the White House Meeting on Domestic Policy and Fathers

September 30, 1998

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Ladies and Gentleman of the White House Domestic Policy committee:

My name is David L. Manville and I am the Supervisor of the Family Counseling and Mediation Department, the Family Court Division of the Wayne County Friend of the Court in Detroit, MI. I am very excited and appreciative to have received this invitation for an opportunity to address you this afternoon on an issue of which I am heartedly committed to: the re-introduction, re-integration and the promotion of fatherhood to three essential components of their lives: their children, their families and their communities.

I would like to start this afternoon by stating that the consideration and introduction of the Bill entitled the "Fathers Count Act of 1998" is extremely important, necessary and it has been a long wait to see it come to this point. It is extremely crucial that we address the forgotten or detoured concept that children are in need of the input of two parents who can nurture, guide and socialize them into responsible adults. We are all aware of the staggering and harmful effects that have resulted from the decline of two parent involvement in their childrens lives. One parent, regardless of gender, cannot provide the crucial and irreplaceable components of another parent. I believe that this Fathers Count Act of 1998 will dramatically assist Courts, agencies and the private sector in confronting and diminishing these problems.

I will begin with the sharing of material on two programs that the Family Court, Wayne County Friend of the Court has had in operation for at least 13 years. We believe these programs are somewhat unique to Courts. There is additional detailed information on these programs in the package of submitted material for your reference.

The first is the Paternity Parenting Time Program which basically originated in 1986, however in a different format, when our then Chief Judge, Richard Kaufman, noted that never married fathers were essential to their children and fathers should not only be viewed as a means of child support. The format is simple: upon acknowledgment of paternity or adjudication by the Court, the father has the opportunity and the right to request that he receive legalized parenting time with his child. (The mother could also raise this issue). The Court would then refer the matter of access to the Family Counseling Unit for an investigation and recommendation. We schedule appointments with both parents and have been seeing 24 couples on a scheduled appointment day. In the session, discussion is focused around issues related to parenting, children's developmental needs, past contact between father and child and the concerns and requests of each parent. The Family Counseling staff attempts to mediate all cases and the ratio of success is quite high. In those cases where we cannot mediate an agreement, a parenting time recommendation is submitted by the Family Counselor to the Court in what we view is in the child's best interest. The Unit also schedules the Court date to have the

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agreement or recommendation turned into a court order, at no cost to either party.

One component we have encountered is the parents concept that "he don't pay, he doesn't see" or "I'm paying, I have the right to see" my child. In your packet, I have included two graphs: the first being one in which fathers have received a recommendation for parenting time from this Unit and the amount of child support that they have paid. The second graph is of fathers that had received a recommendation from this Unit for "reserved" parenting time, which means there is no order at this time. As you can see, the fathers with parenting time paid over 1.7 million dollars and had an arrearage of 1.2 million dollars. The fathers without an order only paid 1.1 million dollars and had arrearages of 1.3 million dollars. We have all known for years those fathers, whether divorced, separated or never-married, are more willing and do provide financial support when they also have the opportunity to provide emotional and psychological support to their children.

The second program is the Parenting Time Enforcement Program. In Michigan, enforcement of a denial of parenting time is mandated by statute. However, in Wayne County we have developed a specific program for this dilemma. In fact, Jessica Pearson from the Center for Policy and Research in Colorado completed a study approximately six years ago and Wayne County's program was only one of five in the country. Again, the procedure is simple: a non-custodial parent schedules an interview at our Unit and comes in to file a complaint. If the Counselor determines that the alleged denial of parenting time is valid, we forward a letter to the custodial parent asking for their response. If they do respond, we attempt to get the parenting time back onto the schedule as the order describes it. If we cannot do so, a Show cause hearing is scheduled, again by our Unit, and the parents are ordered to appear in front of a Referee. At that time, make-up parenting time can be ordered, the custodial parent could be held in contempt and sanctions levied or the issue could be dismissed.

One of the adverse dilemmas with this concept is that the need is so great in our County that we are scheduling appointments for the non-custodial parent in late November, two months after a denial has already occurred. This program, in and of itself is not enough. There needs to be parenting time workshops which specifically focuses on the importance of both parents in their child's life, education around the age appropriate dynamics of children's behavior and make up parenting time procedures. The issue of denial of parenting time is nationwide and essentially is everyone's problem. Between 30-50% of all fathers reduce their contact with their children after a divorce, in part, due to interference by the custodial parent. This action of denial of parenting time diverts Court employees from other intended functions, resulting in an overburdened system being further weighed down by disputes that should be solvable by the parents. And most important, children are frustrated in their development in becoming well adjusted adults when their parents continually wage conflicts with one another. For example, in

Wayne County, the Unit I supervise has eight employees who handle the majority of the evaluation cases (custody and parenting time). My Unit also coordinates this program. All employees are available on Monday, meaning that they are unable to schedule other cases.

Two other programs the Court could develop would aid in decreasing this malcontent. One would be the training of persons in alternate dispute resolution techniques wherein parents could learn the "how-to's" of resolving their own issues.

The second program would be a Faith Based collaboration with a covenant of Churches. Since converting to a Family Court in October 1997, the Wayne County Friend of the Court, Family Court Division has developed a vision of community based involvement in parents lives. Religious organizations that begin with a commitment to a covenant would provide pre-marital counseling for a duration of at least six months; marital and/or family counseling during the time of crisis during a marriage such as a tuneup session; pre-divorce counseling for those contemplating a separation or divorce action; and post divorce assistance for those families experiencing difficulty in communication, problem solving, access denial or matters of custody to assist in dispute resolution. In the recent past the Court has held meetings with the leaders of the Lutheran Church in Detroit and the Archdiocese of Detroit to begin formulation of plans for the above program. We are proposing that pastors not just marry the couple in a ceremony but inform the parties that they are marrying the pastor for the duration of their marriage also. Too often, couples are married and then left after the altar to either sink or swim as they are able.

To promote more father involvement in their childrens lives and to provide education and training toward solutions for fathers to become better parents, we are proposing a plan with the local Head Start sites to accomplish the following:

- *Friend of the Court, due to their computer data base would be able to provide all Head Starts in Wayne County with a listing of children in their catchment area, based upon age and financial eligibility status in order to assist Head Start in their recruitment strategy.
- *Fathers in the paternity Parenting Time Program and fathers of Divorce with minimal contact with their children would be able to receive, as part of their Court ordered access, a volunteer assignment at Head Start
- *Fathers would be able to develop a relationship with their child
- *Fathers would provide a community service by volunteering at an agency that is predominantly woman centered, thereby providing children with a positive male role model
- *Fathers would actually see, learn and be part of the socialization process of their child
- *This environment would be able to assist in diminishing the fears of the mother, who believe the father is not capable of being able to provide fro the care of their child
- *This contact sets the foundation for more expanded access between child and father and

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involvement in his child's live

*And it provides the father with parenting and relationship skills.

The Family Court is in the process of developing a parenting education manual specifically geared for never married parents. The needs of the never married population, while similar in a lot of areas, are significantly different in many areas than those of a divorced or separated family. These significant differences are specified in the packet of supplied information. One additional component would be the involvement of peer to peer counseling so that fathers with experience can show other fathers that they can be effective fathers.

I am fortunate to be employed by a Court that has leadership with vision. The Chief Judge Michael Sapala, Presiding Family Court Judge Kirsten Frank Kelly, Judge Helen Brown and the Friend of the Court, Mr. Kim Bateman have dedicated the Family Court to altering the Friend of the Court from a collection agency mentality to that of being a service provider for the 300,000 cases that we service.

Another concern is non-custodial parents, especially fathers who are incarcerated in both local jails and in state prisons. Look at the statistics of African American males who become involved with the Juvenile and Adult correctional system: the statistics are that nearly 75% of them have had some kind of contact with one or both of these systems. Many of these males are also fathers. To assist with the reduction of criminal behavior, it is imperative that arrangements are made for these fathers to have weekly telephonic contact with their children; weekly face to face contact with their children and; to establish a line of communication such as having a group of fathers read a story to their child(ren), have tapes made of this story and have the fathers personalize their tape. This also includes women who are incarcerated.

The Wayne County region is sorely lacking in sites where there can be reunification or re-connection between non-custodial parents and children. These would occur at a site that is safe, secure and nurturing. Collaboration with licensed day care settings and/or Head Start sites that would be available for educational programs and safe transfer is necessary.

The mission, provided by the leadership at the Family Court is to encourage the passage of this Bill in the near future. The Family Court of Wayne Court is poised to assume the leadership in the provision of any number of pilot programs dedicated to re-involving non-custodial parents and fathers with their children, re-committing fathers to their children and educating fathers to become more involved in the important and essential task of assisting in raising their children to become productive members of the community. The time has come, with the assistance of the Federal government to be able to convert our ideas and plans into action oriented programs. As the committee has heard from all presenters today, the Court is in

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need of funding resources. What is also needed is clear direction from the Federal government on IV-D studies; along with the flexibility to establish programs on a local level that assists us in our vision of strengthening families by involving non-custodial parents and especially fathers. Our Court is dedicated to being pro-active, rather than reactive. With the emergence of the Family Court, we are more prepared to view parents and especially father's involvement in a more global context: that of the family system.

There is also the crucial need in cities such as Detroit to encourage African American males to be educated as Social Workers and Psychologists to work with and role model for these young fathers.

In closing, I'd like to make a final point to members of this committee. In the material I provided is a result of a study of never married fathers who have custody of their children. Note that at the time of the Family Counseling Unit's involvement, 51% of the cases already had fathers having physical custody of their children and, this was prior to our interviews and recommendation. At the conclusion of the Family Counseling Unit's involvement, 50% of the cases still had fathers having physical custody of their children. This study involved 208 never married cases and indicates that we have many dedicated fathers in our community.

Thank you for this wonderful opportunity to address this committee this afternoon.

Respectfully submitted

David L. Manville

**Increasing Child Well-Being by Increasing Earnings of
Noncustodial Parents and Encouraging Stronger
Attachment to Their Children**

**Wendell E. Primus, Director
Esther Rosenbaum**

Income Security Division

Center on Budget and Policy Priorities

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Anti-Poverty Strategies

- To increase the probability that children in single parent families are above poverty that following factors must be present:
 - Earnings of the mother;
 - Support from the father in the form of child support collections or child support assurance;
 - Government assistance programs (i.e. child care, food assistance, health assistance and the EITC);
 - Work programs that pay more than welfare benefits and child support;
 - Earnings disregards/Child Support pass-throughs and/or subsidies so that government assistance is not lowered dollar for dollar as earnings and/or child support increases.

Primary Differences in Labor Market Barriers for Fathers Compared to Mothers

- Involvement with Criminal Justice System
- Work Experience
- Child Care

Increasing Child Well-Being and Paid Child Support

I. Increasing Earnings of Non-Custodial Parents

- A. Workforce development/Reducing employment barriers
- B. Publicly funded jobs

II. Building Stronger Relationships Between Non-Custodial Parents and Their Children

- A. Better parenting skills/Mediation/Peer support
- B. More frequent interaction/contact, except in cases of domestic violence

III. Increasing Effectiveness of Paid Child Support

- A. Disregarding child support paid in calculating TANF benefits
- B. Subsidizing the payment of child support

Policy Options

- Disregard More Child Support, Simplify Distribution
 - Either mandate or offer states a choice (pay family or Feds)
 - Apply family-first distribution to IRS offset
 - Would simplify distribution rules
- Child Support Incentive Payment
- Block Grant to encourage noncustodial parent employment/fatherhood activities/interaction with children

A Child Support Vision for Low-Income Fathers

- No longer just be a collection and disbursement agency
- More father friendly programs by adding goals of getting fathers employed and involved in their children's lives
- Adding opportunity and incentives to a primarily punitive system
- Recognize different father needs
- Gatekeeper to other resources; but also the enforcer, if necessary
- Cooperation requirements on custodial parent, if on TANF
- CBOs should be involved early in the process

A Child Support Vision: Specific Ideas

- Enhance father involvement in lives of their children by peer support, becoming more engaged in custody and visitation issues. Build off what we have learned from Parent's Fair Share demonstrations
- Provisions of Parenting/Mediation/Legal Services
- Access to employment and training opportunities/control reimbursement or fees for services rendered
- Short term publicly-funded jobs
- More flexible modification rules/arrearage policies/in-kind assistance/child support guidelines
- More liberal child support disregard policies.
- Subsidizing child support payments

Why Should This Model Work?

- Never been tried — all the components have never been integrated
- Has the enforcement tools of the Child Support Enforcement Program
- Motivates success by building off a growing relationship with a child
- Has built-in economic incentives

AMOUNT OF CHILD SUPPORT AWARDED BY STATE GUIDELINES IN VARIOUS
CASES

State	Case				
	A	B	C	D	E
Alabama	\$216	\$280	\$433	\$634	(¹)
Alaska	38	38	312	546	\$1,193
Arizona	(¹)	75	482	628	1,061
Arkansas	(¹)	150	305	475	1,025
California	236	278	478	770	1,457
Colorado	231	261	409	610	1,066
Connecticut	0	0	404	703	1,198
Delaware	91	91	467	626	1,157
District of Columbia	50	208	458	821	1,495
Florida	135	261	463	721	1,186
Georgia	210	210	383	673	1,607
Hawaii	100	100	470	610	1,260
Idaho	122	166	345	566	913
Illinois	102	136	294	485	1,020
Indiana	215	327	692	899	1,462
Iowa	50	189	358	566	1,047
Kansas	188	227	390	582	1,195
Kentucky	221	293	445	637	1,017
Louisiana	207	292	451	667	1,052
Maine	52	290	437	619	1,031
Maryland	249	295	449	655	1,060
Massachusetts	(¹)	137	471	789	(¹)
Michigan	128	141	468	657	1,078
Minnesota	62	84	376	606	1,228
Mississippi	92	124	251	427	908
Missouri	149	265	447	609	1,032
Montana	6	15	26	456	908
Nebraska	50	50	390	677	1,035
Nevada	200	180	375	660	1,575
New Hampshire	50	50	424	667	1,473
New Jersey	112	267	452	710	(¹)
New Mexico	183	291	468	588	1,095
New York	25	50	436	699	1,548
North Carolina	50	57	463	600	1,012
North Dakota	68	126	356	582	1,231
Ohio	150	278	465	609	1,045
Oklahoma	171	171	295	415	801
Oregon	73	159	343	587	1,027
Pennsylvania	(¹)	257	415	554	(¹)
Rhode Island	252	315	480	677	1,170
South Carolina	58	183	463	574	1,000
South Dakota	275	275	486	652	1,032
Tennessee	153	200	393	665	1,422
Texas	109	147	298	517	1,114
Utah	83	131	447	616	(¹)
Vermont	(¹)	(¹)	428	642	1,025
Virginia	231	289	446	641	1,042
Washington	50	50	412	641	1,054
West Virginia	50	117	364	539	1,742
Wisconsin	133	180	375	660	1,575
Wyoming	105	200	348	519	882

¹In these cases, courts have the discretion to set the amount that seems appropriate to the court.

A Note.—See text for explanation of cases A, B, C, D, and E.

Source: Pirog, Klotz, & Buyers, 1997.

Case A: father—\$530; mother—\$300
 Case B: father—\$720; mother—\$480
 Case C: father—\$2,500; mother—\$1,000
 Case D: father—\$4,400; mother—\$1,760
 Case E: father—\$6,300; mother—\$4,200

Variations in Child Support Guidelines Across States

Earnings		Child Support Order (dollars)					Child Support Order as a Percentage of Noncustodial Parent's Earnings				
Custodial Family	Noncustodial Parent	California	Florida	Maryland	Minnesota	Texas	California	Florida	Maryland	Minnesota	Texas
0	10,000	3,220	1,780	2,940	2,019	2,194	32.2	17.8	29.4	20.2	21.9
2,500	7,500	2,536	2,004	2,768	1,300	1,711	33.8	26.7	36.9	17.3	22.8
5,000	5,000	1,716	1,658	2,220	831	1,154	34.3	33.2	44.4	16.6	23.1
0	15,000	4,758	4,612	4,212	3,794	3,161	31.7	30.7	28.1	25.3	21.1
3,750	11,250	3,891	4,175	4,003	2,436	2,436	34.6	37.1	35.6	21.7	21.7
7,500	7,500	2,772	3,332	3,231	1,300	1,711	37.0	44.4	43.1	17.3	22.8
0	20,000	6,205	5,896	5,312	4,954	4,128	31.0	29.5	26.6	24.8	20.6
5,000	15,000	4,758	5,319	5,109	3,794	3,161	31.7	35.5	34.1	25.3	21.1
10,000	10,000	3,822	3,984	3,856	2,019	2,194	38.2	39.8	38.6	20.2	21.9
0	25,000	7,652	7,134	6,208	6,114	5,095	30.6	28.5	24.8	24.5	20.4
6,250	18,750	5,843	6,446	6,062	5,689	3,886	31.2	34.4	32.3	30.3	20.7
12,500	12,500	4,035	4,588	4,304	2,892	2,678	32.3	36.7	34.4	23.1	21.4
0	30,000	9,099	8,371	7,008	7,274	6,062	30.3	27.9	23.4	24.2	20.2
7,500	22,500	6,929	7,575	6,944	6,761	4,612	30.8	33.7	30.9	30.0	20.5
15,000	15,000	4,758	5,197	4,704	3,794	3,161	31.7	34.6	31.4	25.3	21.1
0	35,000	10,546	9,609	7,980	8,435	7,029	30.1	27.5	22.8	24.1	20.1
8,750	26,250	8,014	8,581	7,785	7,710	5,337	30.5	32.7	29.7	29.4	20.3
17,500	17,500	5,482	5,809	5,190	5,227	3,645	31.3	33.2	29.7	29.9	20.8
0	40,000	11,993	10,846	8,880	9,595	7,996	30.0	27.1	22.2	24.0	20.0
10,000	30,000	9,099	9,464	8,460	8,578	6,062	30.3	31.5	28.2	28.6	20.2
20,000	20,000	6,205	6,381	5,640	5,803	4,128	31.0	31.9	28.2	29.0	20.6

State Actions Regarding the \$50 Disregard

State	Status	State	Status
Alabama	Eliminated	Montana	Eliminated
Alaska	Continued	Nebraska	Eliminated
Arizona	Eliminated	Nevada	Continued
Arkansas	Eliminated	New Hampshire	Eliminated
California	Continued	New Jersey	Continued
Colorado	Eliminated	New Mexico	Eliminated
Connecticut	Continued at \$100*	New York	Continued
Delaware	Continued	North Carolina	Eliminated
District of Columbia	Eliminated	North Dakota	Eliminated
Florida	Eliminated	Ohio	Eliminated
Georgia	Eliminated	Oklahoma	Eliminated
Hawaii	Eliminated	Oregon	Eliminated
Idaho	Eliminated	Pennsylvania	Eliminated; will begin again by court order
Illinois	Continued	Rhode Island	Continued
Indiana	Eliminated	South Carolina	Eliminated
Iowa	Eliminated	South Dakota	Eliminated
Kansas	Continued at \$40	Tennessee	Eliminated
Kentucky	Eliminated	Texas	Continued
Louisiana	Eliminated	Utah	Eliminated
Maine	Continued	Vermont	Continued
Maryland	Eliminated	Virginia	Continued
Massachusetts	Continued	Washington	Eliminated
Michigan *	Continued	West Virginia	Continued
Minnesota	Eliminated	Wisconsin	Continued; Disregards entire child support*
Mississippi	Eliminated	Wyoming	Eliminated
Missouri	Eliminated		

* Has a federal waiver.

Source: Center for Law and Social Policy; written materials from various states; and telephone interviews.

Subsidizing Child Support Payments

(could be used to meet state TANF MOE requirements)

1. Add up child tax credits/expenditures not used by custodial parent
 - A. EITC
 - B. Head of Household Deduction
 - C. Personal Exemptions
 - D. \$500 Child Tax Credit
 - E. State Tax Credits
2. Subject to constraint that families can not be better off if living apart
3. Use these credits to subsidize payment of child support order in following year. If father pays 100% of order, his child gets entire amount of unused credit.
4. Example

Maximum Possible CSIP Subsidy for Selected Earnings Levels for Families with One or Two Children

		Mother's AGI (earnings)									
		\$0		\$4,000		\$8,000		\$12,000		\$16,000	
		1 child	2 children	1 child	2 children	1 child	2 children	1 child	2 children	1 child	2 children
Father's AGI (earnings)	\$8,000	\$3,614	\$4,948	\$1,654	\$3,304	\$905	\$953	\$447	\$1,353	\$0	\$752
	\$12,000	\$3,614	\$5,504	\$1,266	\$2,516	\$905	\$1,553	\$447	\$1,353	\$0	\$752
	\$16,000	\$3,016	\$4,716	\$1,243	\$2,078	\$905	\$1,810	\$447	\$1,353	\$0	\$752
	\$20,000	\$2,587	\$3,873	\$1,243	\$2,148	\$905	\$1,810	\$447	\$1,353	\$0	\$752

Note: Assume no income other than earnings and no credits other than the child tax credit and the earned income credit. Calculations use 1998 federal income tax parameters, but assume the \$500 child tax credit is fully phased in (even though this will not be the case until 1999).

**Effects of Current Law on the Incomes of Married Families, Noncustodial Parents
and Custodial Families with Two Children in the State of California**

Married Family Earnings	Custodial Family's Earnings	Noncustodial Parent's Earnings	Married Family Income After Taxes and Transfers	Custodial Family's Income After Taxes and Transfers	Noncustodial Parent's Income After Taxes and Transfers	Combined Income of Separate Families After Taxes and Transfers	Marriage Penalty (Bonus)
10,000	0	10,000	19,018	9,950	5,058	15,008	(4,009)
10,000	2,500	7,500	19,018	12,009	3,932	15,941	(3,076)
10,000	5,000	5,000	19,018	14,068	2,652	16,720	(2,298)
15,000	0	15,000	19,858	9,950	7,137	17,087	(2,771)
15,000	3,750	11,250	19,858	13,039	5,290	18,329	(1,529)
15,000	7,500	7,500	19,858	16,022	3,697	19,719	(140)
20,000	0	20,000	20,624	9,950	9,308	19,258	(1,366)
20,000	5,000	15,000	19,022	14,068	7,137	21,205	2,183
20,000	10,000	10,000	19,022	17,486	4,455	21,942	2,920
25,000	0	25,000	22,845	10,141	11,478	21,619	(1,227)
25,000	6,250	18,750	20,970	15,097	8,765	23,862	2,892
25,000	12,500	12,500	20,445	17,104	6,052	23,156	2,711
30,000	0	30,000	25,410	11,154	13,649	24,802	(608)
30,000	7,500	22,500	23,160	16,022	10,393	26,414	3,254
30,000	15,000	15,000	23,010	18,639	7,137	25,776	2,767
35,000	0	35,000	29,008	12,167	15,819	27,986	(1,022)
35,000	8,750	26,250	26,608	17,757	12,021	29,778	3,170
35,000	17,500	17,500	26,608	21,020	8,222	29,242	2,635
40,000	0	40,000	32,625	13,180	17,990	31,169	(1,456)
40,000	10,000	30,000	30,225	19,190	13,649	32,839	2,614
40,000	20,000	20,000	30,225	23,401	9,308	32,708	2,483

Description of Proposed Model*

1. Child support disregarded like earnings
2. Cap on child support order — order cannot exceed 5% of first \$5,000 of noncustodial parent's net earnings, 25% of next \$5,000 of net earnings and 35% of remainder
3. Child Support Incentive Payment (CSIP) with cap of 3 on matching rate

CSIP would lower averages

* This is a proposed model for discussion purposes and is likely to change as it undergoes review and further impact analysis

Table 1
Income Adequacy and Marriage Penalties (Bonuses)
in the State of California for a Mother and Father with Two Children

Earnings			Child Support Order as Percent of Noncustodial Parent's Earnings		Effective Tax Rate on Child Support		Income as a Percentage of Poverty ¹						
Married Family	Custodial Family	Noncustodial Parent	Current Law	Proposal	Current Law	Proposal	Married Current Law	Custodial Family Current Law	Proposal	Noncustodial Parent Current Law	Proposal	Marriage Penalty (Bonus) Current Law	Proposal
10,000	0	10,000	32.2	10.7	87.0	(270.0)	113.4	76.0	103.1	60.5	86.2	(43.4)	(16.9)
10,000	2,500	7,500	33.8	8.2	83.4	(270.1)	113.4	91.8	106.0	47.0	70.0	(39.1)	(21.5)
10,000	5,000	5,000	34.3	4.4	75.5	(270.0)	113.4	107.5	110.5	31.7	49.6	(35.5)	(26.7)
15,000	0	15,000	31.7	14.4	91.2	(154.4)	118.4	76.0	114.9	85.4	116.4	(38.8)	(3.0)
15,000	3,750	11,250	34.6	11.5	89.2	(162.1)	118.4	99.6	122.4	63.3	94.3	(33.0)	(7.0)
15,000	7,500	7,500	37.0	8.2	84.8	(130.2)	118.4	122.4	130.1	44.2	70.0	(26.5)	(-11.8)
20,000	0	20,000	31.0	17.1	93.2	(69.8)	123.0	76.0	117.3	111.3	144.6	(33.2)	4.9
20,000	5,000	15,000	31.7	14.4	91.2	(47.6)	113.5	107.5	128.7	85.4	116.4	(14.6)	10.5
20,000	10,000	10,000	38.2	10.7	89.0	(115.2)	113.5	133.6	148.0	53.3	86.2	(11.1)	10.5
25,000	0	25,000	30.6	18.8	92.0	(16.5)	136.3	77.5	114.6	137.3	172.7	(35.5)	1.0
25,000	6,250	18,750	31.2	16.6	92.8	(23.5)	125.1	115.4	141.5	104.9	137.5	(13.8)	14.9
25,000	12,500	12,500	32.3	12.2	115.4	(3.7)	121.9	130.7	147.6	72.4	102.4	(14.0)	8.0
30,000	0	30,000	30.3	19.9	82.2	18.4	151.6	85.2	110.0	163.3	200.8	(35.9)	(6.2)
30,000	7,500	22,500	30.8	18.1	93.9	13.4	138.1	122.4	146.1	124.3	158.6	(15.0)	12.9
30,000	15,000	15,000	31.7	14.4	63.7	(41.7)	137.2	142.4	152.7	85.4	116.4	(17.0)	1.3
35,000	0	35,000	30.1	20.7	75.0	26.9	173.0	93.0	113.2	189.2	228.9	(42.5)	(14.7)
35,000	8,750	26,250	30.5	19.1	83.8	18.0	158.7	135.7	157.1	143.8	179.7	(19.8)	7.2
35,000	17,500	17,500	31.3	16.0	32.5	(17.1)	158.7	160.6	157.4	98.4	130.5	(22.3)	(11.8)
40,000	0	40,000	30.0	21.2	69.6	32.6	194.6	100.7	116.6	215.2	257.1	(49.2)	(23.2)
40,000	10,000	30,000	30.3	19.9	76.7	23.9	180.3	146.6	165.1	163.3	200.8	(27.1)	(1.3)
40,000	20,000	20,000	31.0	17.1	8.5	6.2	180.3	178.8	160.0	111.3	144.6	(27.8)	(26.3)

Note: Calculations use 1998 California child support and TANF parameters and federal tax and food stamp parameters, but assume the \$500 child tax credit is fully phased in (even though this will not be the case until 1999).

¹ The poverty threshold for the married family is the threshold for a family of 4, or \$16,766 in 1998; the poverty threshold for the custodial family is the threshold for a family of 3, or \$13,086 in 1998; the poverty threshold for the noncustodial parent is the poverty threshold for one person, or \$8,359 in 1998; and the poverty threshold for the custodial and noncustodial combined families is the poverty threshold for a family of 3 plus the poverty threshold for one person, or \$13,086 plus \$8,359 (\$21,445) in 1998.

*could reduce ETC error if case had both parents tax form
 → how much tax effect coming from ETC*

Table 1
Income Adequacy and Marriage Penalties (Bonuses)
in the State of Texas for a Mother and Father with Two Children

Earnings			Child Support Order as Percent of Noncustodial Parent's Earnings		Effective Tax Rate on Child Support		Income as a Percentage of Poverty ¹						
Married Family	Custodial Family	Noncustodial Parent	Current Law	Proposal	Current Law	Proposal	Married Current Law	Custodial Family Current Law	Proposal	Noncustodial Parent Current Law	Proposal	Marriage Penalty (Bonus) Current Law	Proposal
10,000	0	10,000	21.9	11.9	80.9	(270.0)	95.0	51.8	82.4	72.8	84.7	(35.0)	(11.6)
10,000	2,500	7,500	22.8	9.5	75.5	(270.1)	91.8	65.9	82.8	56.9	68.9	(29.4)	(14.4)
10,000	5,000	5,000	23.1	4.6	41.9	(269.9)	88.7	74.2	75.6	38.4	49.5	(28.4)	(23.3)
15,000	0	15,000	21.1	16.2	80.0	(106.0)	110.4	53.5	86.8	104.5	113.3	(37.0)	(13.3)
15,000	3,750	11,250	21.7	12.8	60.8	(143.3)	105.7	73.2	92.6	80.7	92.7	(29.6)	(13.1)
15,000	7,500	7,500	22.8	9.5	30.0	(109.0)	101.0	92.9	95.1	56.9	68.9	(22.1)	(16.1)
20,000	0	20,000	20.6	18.9	68.3	(25.5)	123.0	58.6	84.9	136.2	140.4	(34.1)	(16.5)
20,000	5,000	15,000	21.1	16.2	34.3	(33.5)	116.8	84.9	93.8	104.5	113.3	(24.2)	(15.3)
20,000	10,000	10,000	21.9	11.9	30.0	(100.0)	113.0	112.6	119.1	72.8	84.7	(15.9)	(7.3)
25,000	0	25,000	20.4	20.4	61.0	4.4	136.3	63.8	85.8	167.9	167.9	(31.9)	(18.4)
25,000	6,250	18,750	20.7	18.4	30.0	(22.6)	125.1	96.7	108.1	128.3	133.6	(16.1)	(7.0)
25,000	12,500	12,500	21.4	14.0	30.0	(43.0)	121.9	126.9	131.7	88.6	99.7	(10.0)	(2.7)
30,000	0	30,000	20.2	20.2	56.1	25.9	151.6	69.0	83.0	199.6	199.6	(31.7)	(23.1)
30,000	7,500	22,500	20.5	19.8	30.0	(10.6)	138.1	108.4	121.4	152.0	153.9	(12.7)	(4.0)
30,000	15,000	15,000	21.1	16.2	60.2	41.3	137.2	130.2	131.5	104.5	113.3	(17.0)	(12.8)
35,000	0	35,000	20.1	20.1	52.5	26.7	173.0	74.2	88.0	231.3	231.3	(37.6)	(29.2)
35,000	8,750	26,250	20.3	20.3	30.0	(3.9)	158.7	121.4	135.2	175.8	175.8	(16.1)	(7.7)
35,000	17,500	17,500	20.8	17.7	0.0	(17.0)	158.7	146.6	146.5	120.3	126.8	(22.3)	(19.9)
40,000	0	40,000	20.0	20.0	49.8	27.1	194.6	79.3	93.2	263.0	263.0	(43.7)	(35.2)
40,000	10,000	30,000	20.2	20.2	30.0	2.7	180.3	133.3	145.9	199.6	199.6	(21.2)	(13.4)
40,000	20,000	20,000	20.6	18.9	0.0	(4.0)	180.3	163.0	161.5	136.2	140.4	(27.8)	(27.0)

Note: Calculations use 1998 Texas child support and TANF parameters and federal tax and food stamp parameters, but assume the \$500 child tax credit is fully phased in (even though this will not be the case until 1999).

¹ The poverty threshold for the married family is the threshold for a family of 4, or \$16,766 in 1998; the poverty threshold for the custodial family is the threshold for a family of 3, or \$13,086 in 1998; the poverty threshold for the noncustodial parent is the poverty threshold for one person, or \$8,359 in 1998; and the poverty threshold for the custodial and noncustodial combined families is the poverty threshold for a family of 3 plus the poverty threshold for one person, or \$13,086 plus \$8,359 (\$21,445) in 1998.

Details of the Block Grant

- Allocated to states on basis of TANF children with paternity established
- Dollar amount sufficient to finance broad array of employment services/fatherhood activities/access and visitation
- 80/20 match
- Evaluation component

Costs and Impacts

- Still need more work to establish the cost and impacts of implementing the proposed model
- Know that 4.2 million female-headed families with children have income below the poverty line and therefore leave substantial amounts of child tax benefits “unused”
- Know that \$2.9 billion in child support paid on behalf of AFDC families
- Know that 32 percent of women below poverty with children receive child support payments

AN INCENTIVE PLAN TO PROMOTE THE PAYMENT OF CHILD SUPPORT

by Wendell Primus and Esther Rosenbaum

Introduction

As welfare reform encourages families to rely on earnings and eventually moves them off of public assistance, income from the child support system will become an increasingly more important mechanism for providing income to children in single-parent, low-income families. Unfortunately for many of these children, only a small portion of noncustodial parents pay child support. The reasons for non-payment vary. Many noncustodial parents do not pay because they are unemployed or underemployed. Some view the system as unfair or inefficient because their payments do not seem to increase their children's well-being or because of the system's inflexibility in modifying and adjusting orders and in its arrearage policies. In other cases, paternity has not been established and/or there is no child support order or the father cannot be located, so child support cannot be collected.

The Child Support Incentive Payment (CSIP) described in this paper attempts to increase the income and well-being of these children by creating incentives for the good behaviors of working and paying child support — just as the earned income tax credit increases the incentives to enter the labor force and increases the earnings of custodial parents.¹

The CSIP creates these incentives by:

- increasing the CSIP benefit as child support payments and earnings increase, rewarding both work and the payment of child support;
- not depriving children of tax credits and exemptions which benefit low-income families solely because their parents do not live together;
- providing noncustodial parents with the same earnings and tax incentives as custodial parents.

¹ Robert Greenstein and Isaac Shapiro. *New Research Findings on the Effects of the Earned Income Tax Credit*. Center on Budget and Policy Priorities, March 16, 1998, pp. 4-5.

Background

Currently, only a small fraction of children in single-parent families receive child support from their noncustodial parent. For example², in 1995, California collected only \$599 million, or 38 percent, of the \$1.6 billion dollars owed in current child support payments. Collections were received on only 197,000 of the 526,000 child support orders.³ These numbers substantially understate the amount of potential child support payments that go uncollected. For two million children in California's child support program, paternity or child support orders never have been established in the first place.⁴

Given the specter of time limits in the new welfare law, the financial well-being of poor children in single-parent families will be increasingly reliant on a combination of their mothers' and fathers' earnings (whether in addition to or in place of government assistance) if they are to have any chance of escaping poverty. It is important, therefore, for states to ensure that more child support orders are established and paid and that more of the child support payments actually reach the children to improve their well-being.

Noncustodial parents with children receiving cash assistance are often reluctant to pay — and sometimes go to great lengths not to pay — their child support orders because they do not feel that the payments are actually benefitting their children.⁵ Prior to the mid-1980s, all child support collected on behalf of welfare-receiving families was retained by the government as reimbursement for Aid to Families with Dependent Children (AFDC) payments to the family.⁶ This was a contributing factor to the reluctance of noncustodial parents to pay child support. To help address this problem, the Deficit Reduction Act of 1984 changed the provisions governing distribution of child support to families receiving AFDC by "passing through" up to \$50 of child support collected by the Child Support Enforcement Office to the AFDC family.

² While the CSIP is intended to be a nation-wide program, it was first conceived in the context of California and therefore, California will be used as an example throughout the paper.

³ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement. *The Twentieth Annual Report to Congress*. Tables 68, 69, 74 and 75.

⁴ Calculated from data from Tables 32 and 33 of *The Twentieth Annual Report to Congress*.

⁵ Dan Bloom and Kay Sherwood. *Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase*. Manpower Demonstration Research Corporation, April 1994, p.74.

⁶ With one minor exception: in approximately 11 states with "fill the gap" policies, not all of the child support collected was retained.

However, the 1996 welfare law repealed this pass-through requirement. Therefore, states are now free to continue the pass-through, completely eliminate it, or expand it. Sixteen states have chosen to continue the pass-through, 33 states have completely eliminated it, and two states have expanded it.⁷ One state — Wisconsin — passes through the entire amount of child support that is paid.

Even in those states, like California, that have retained the \$50 pass-through to custodial families, these funds are usually partially offset by a reduction in food stamp benefits (since most low-income families receive both TANF and food stamps), further reducing the amount by which the child is made better off by the child support payment. For example, if a noncustodial parent pays \$250 in child support, \$50 is passed through, but food stamp benefits to the custodial family are reduced by \$15 as a result of the increase in income. Thus, his child will only be made better off by \$35. This high rate of effective taxation (essentially an 86 percent tax rate) provides the noncustodial parent with little incentive to pay his child support obligation.

For noncustodial parents both with and without children receiving cash assistance, making the required payments is often very difficult because these parents move in and out of the labor force without their orders always being adjusted and because they are often under-employed. Low-income noncustodial parents who are presented with support obligations that far exceed their ability to pay or are not adjusted appropriately when their earnings decrease may also deem the child support system to be fundamentally unfair.⁸ As a result, many of these noncustodial parents do not make the required child support payments and accumulate a debt in the amount of owed child support; are charged with paying retroactive support and Medicaid childbirth costs (plus interest and court costs) dating back to the time the child first received AFDC or TANF and in some states dating back to the child's birth; or default on their orders and as a result incur fines, have their wages withheld, or have liens placed on their property.

The existence of this child support debt — which can be substantial — can be daunting to noncustodial parents in low-wage jobs. Because the noncustodial parents may feel they never will be able to pay off their child support fully even if they are working, these arrearages may actually deter them from seeking stable employment or

⁷ Paula Roberts. *State Action Re \$50 Pass-through and Disregard*. Center for Law and Social Policy, January 1998.

⁸ See *Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase*, Manpower Demonstration Research Corporation, April 1994, pp. 74-5 and *Working with Low-Income Cases: Lessons for the Child Support Enforcement System from Parents' Fair Share*, Manpower Demonstration Research Corporation, May 1998, pp. 12-3.

making child support payments, encourage them to move into the underground economy, or cause them to completely sever ties with the family. While the child support enforcement system has various methods of dealing with non-payment of child support orders and collection of past-due orders, such as withholding wages, placing liens on property, revoking licenses and tracking noncustodial parents through federally mandated computer systems, these methods often do not result in increased payments — especially when the noncustodial parent has little or no income or assets.

In order to overcome these obstacles in the child support system and to provide benefits to children based on the good behaviors of their parents, an improved child support system should consist of five additional components:

- provision of employment services to unemployed and under-employed fathers;
- provision of peer support and mediation services;
- modification of selected child support policies including more flexible modification of orders, arrearage policies and allowing in-kind services to substitute for cash;
- substantial disregards of the noncustodial parent's child support payments in means-tested programs such as TANF;
- and a Child Support Incentive Payment (CSIP) for noncustodial parents.

This paper will describe in detail this last component. This would be an especially effective addition in California counties (such as the Parent's Fair Share site in Los Angeles) where monies and programs already have been targeted for the first two components, including services which aid noncustodial parents in getting employed and increasing their earnings and living standards. The final two components help translate these earnings into increased child support payments, thus improving the well-being of children.

Rationale

Custodial parents are provided with work incentives through the tax system that are not available to noncustodial parents because they are based on the presence of dependent children in the home. The federal Earned Income Tax Credit (EITC), for example, effectively increases the well-being of children at low-income levels. The EITC encourages custodial parents to work by acting as a wage supplement that increases as earnings increase for workers with very low earnings. However, noncustodial parents do not qualify for the family EITC, and only a few may qualify for a very small EITC

benefit provided to workers without a child in the home.

Also available to the custodial parent are a \$500 per child tax credit, exemptions for dependent children, a head-of-household deduction and similar state tax credits and exemptions. These benefits are largely based on the presence of children and are contingent upon the custodial parent having earnings that are large enough for the exemptions or non-refundable credits to actually reduce tax liability. It is logical for the system to provide custodial and noncustodial parents with these same incentives to work, especially since unemployment is one of the major barriers that noncustodial parents face in paying child support.

In addition, children who do not live with both parents often do not reap the full potential of these child tax benefits. For example, in families where the children live with only one parent, the benefits that the children receive from the federal EITC are based only on the earnings of the custodial parent. If increasing child support payment and thereby increasing child well-being are goals of the child support enforcement system, then it seems logical to provide noncustodial parents with the same incentives as custodial parents to work and support their children and to allow low-income children to benefit from these tax credits that were designed to assist them.

However, providing an EITC in the absence of other coordinated policies to noncustodial parents who do not pay child support would probably not be politically feasible, nor substantively sound policy. In the case of noncustodial parents, not only are incentives needed to increase earnings, but those increased earnings must also improve the welfare of their children. Therefore, simply increasing earnings and providing more support to the noncustodial parent would not be politically acceptable. Only if these increased earnings translate into additional child support would the incentive be politically feasible.

However, it is also necessary to ensure that the additional benefit to the children from the noncustodial parent does not make the family better-off by living apart. Rather, the incentive should motivate the noncustodial parent to pay child support by making available the "unused" child tax benefits that the children could receive if the parents were together. To ensure that no incentive exists for living apart, the CSIP is based upon the benefits and incentives that would be available to the children in a family if both of their parents were living and raising their children in one family unit.

The proposed plan would match the child support paid by the noncustodial parent with the unutilized child tax credits from the custodial parent. If the noncustodial parent paid his entire order, his children would receive the full amount of unused child tax benefits. The CSIP would increase the well-being of low-income children by calculating benefits based on the earnings of *both* parents and would

provide an increased incentive for the noncustodial parent to work and pay child support.

The main incentive for the noncustodial parent to cooperate with the custodial parent and the child support office and turn over the necessary documentation for his family's CSIP eligibility would be the direct increase to his children's well-being that results from the CSIP. For those noncustodial parents with children receiving cash assistance and therefore are not actually receiving any of the paid child support, the CSIP would make the noncustodial parents feel as though the child support they are paying is directly improving the well-being of their children. For those noncustodial parents without children receiving cash assistance, the CSIP would supplement their efforts to pay child support and would allow them to feel as though the sacrifice they are making in giving up some of their limited incomes to their children has an actual impact on their well-being. The CSIP would also provide a monetary incentive to the noncustodial parent to participate by reducing his arrearages by the amount of CSIP that is paid to the custodial family.

Since large child support debts may deter many noncustodial parents from seeking gainful employment or paying current child support, reducing their arrearages by the amount of the CSIP should provide these noncustodial parents with increased incentives to work and pay their current orders. Many of these debts are incurred when these noncustodial parents become unemployed but the child support enforcement system is not responsive enough to their movement in and out of the labor force and often does not adjust their orders accordingly.⁹ Rewarding payment of current child support by reducing these debts, therefore, will not only make these noncustodial parents better able to pay their current orders, but also may help restore some of their faith in the child support system.

Conceptual Design of the Child Support Incentive Payment

The CSIP is based upon several principles:

- Children should not be deprived of tax credits and exemptions which benefit low- and moderate-income families solely because their parents do not live together.
- The value of the child tax benefits should not be greater because the biological parents are not living together.

⁹ See *Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase*, Manpower Demonstration Research Corporation, April 1994, Chapter 6.

- Noncustodial parents should have the same incentives to work and support their children as custodial parents.

The CSIP would encourage noncustodial parents to work and pay child support by providing their children with benefits that are a function of these behaviors. Up to a certain maximum, the greater the child support payment by the noncustodial parent, the greater the benefit received by the children. And, an increase in the noncustodial parent's earnings translates into a direct increase in their children's benefits.

The tax code contains a number of provisions that benefit children in low-income families, such as the head-of-household deduction, personal exemptions, child tax credits and the EITC. These provisions, however, generally only benefit low-income families that have at least *some* earnings. For example, only families with income at least as great as the total of their personal exemptions can receive the full benefit of the exemptions. Also, because the child tax credit is not refundable (except in limited circumstances), families without any tax liability receive no benefits from the credit. Because many custodial parents have little or no income, they are unable to take full advantage of these tax provisions.

Meanwhile, it is possible that noncustodial parents have income that is low enough to qualify for these provisions yet high enough that they are able to gain some benefit from the credits and exemptions. However, they are not eligible to receive these credits and exemptions, because their children do not live with them. Children whose parents do not live together are therefore deprived of the benefits of the tax code provisions that were specifically established to assist them because they cannot take advantage of both parents' incomes.

For example, because the EITC increases with earnings in the phase-in range, children whose custodial parents only earn enough income to be on the up-slope of the benefit structure could possibly receive the maximum EITC benefit if their noncustodial parents' earnings were taken into account (as in the CSIP calculation). Under the current system, however, the children do not benefit from the noncustodial parent's income because only custodial parents qualify for the federal EITC.

The CSIP would remedy this by providing the children with a benefit determined by finding the portions of the child tax benefits that are not used by the custodial parent and — just as businesses trade *corporate* tax credits with each other — transferring them to the noncustodial parent if his income qualifies him, as if he could claim the children as dependents. However, the children will only receive a payment if the noncustodial parent pays child support.

In order to calculate the CSIP benefit for a particular family, a state's child

support enforcement agency would use the previous year's tax returns for both the custodial and noncustodial parent to examine five types of tax benefits: the EITC, the federal head-of-household deduction, personal exemptions and Child Tax Credit and state tax provisions for low-income families. The CSIP amount would be based on the difference between what would have been available under the combined income of the custodial and noncustodial parents, and the amount of credits and exemptions actually taken by the custodial parent. The children would then receive a share of these unused child tax benefits proportional to the share of the child support order paid by the noncustodial parent. For example, if the noncustodial parent paid 80 percent of his child support order, the children would receive a benefit equal to 80 percent of the calculated unused credits, spread out over the year.

In addition to the benefit to the custodial family, the noncustodial parent would benefit by having his arrearages reduced by the amount of CSIP paid to the custodial family, thereby creating an incentive for him to cooperate with the custodial parent and the child support office and submit the required documents for his family's eligibility.

The unused credits would be calculated by adding together the amount of the EITC based on both parents' earnings that exceeds the amount of EITC actually received by the custodial parent, the amount of the head-of-household deduction and child personal exemptions that the custodial parent did not use because her earnings were too small, but the noncustodial parent's earnings qualify him for and the amount of the child tax credit that the custodial parent did not use because her tax liability was too small, but the noncustodial parent's tax liability qualifies him for (and state child tax benefits and credits if applicable). Once the maximum possible benefit is calculated, a matching rate is determined that is equivalent to the proportion of his child support order the noncustodial parent pays, but which cannot exceed three-for-one. A much more detailed explanation of these calculations can be found in the appendix.

Interaction With Other Programs

One concern that always arises when designing a new incentive program is how it will interact with other income security programs. Although as described later, CSIP will not be administered by the tax system, conceptually it is designed as a tax benefit based upon income received during one calendar year. Thus it should be treated the same as other tax benefits, such as the EITC, and should not be counted as income when calculating benefits for other means-tested programs like TANF, food stamps, or low-income housing.¹⁰

¹⁰ Under AFDC, the EITC was not counted as income. Under TANF, the definition of income is left up to the states, however, most states have chosen not to count the EITC as income.

One of the reasons the EITC is not counted as income when determining benefits is that eligibility is based upon annual earnings. The other means-tested benefits are based upon monthly income and thus real problems ensue in estimating the amount of the EITC that is actually earned when calculating monthly benefits under these other means-tested benefit programs. The same issues apply to the CSIP. In addition, the fact that the CSIP will be completely disregarded will simplify its calculation and administration.

Impact of the CSIP

The following table shows the maximum possible CSIP subsidy for families with various levels of income. The subsidy levels were calculated using the above methodology according to the 1998 federal income tax parameters, but assuming the \$500 child tax credit is fully phased in (even though this will not be the case until 1999) and considering the mother as the custodial parent and the father as the noncustodial parent. The calculations also assume that the parents have no income other than earnings and no credits other than the child tax credit and the earned income credit. The actual benefit received by each individual custodial family will depend on the size of that family's child support order, the portion of the order paid by the noncustodial parent, and the cap on the matching rate, if applicable. The matching rate limit will probably apply to many of the families eligible for the largest possible subsidies where the noncustodial parents' earnings are very low — families in the upper left-hand corner of the table (because the child support order will therefore also be low).

The table shows that the most substantial subsidies will be available to custodial parents with earnings of \$4,000 or less. For example, a custodial mother with no earnings and a noncustodial father earning \$12,000 per year with two children could yield a maximum possible CSIP of \$5,504. A custodial mother earning \$4,000 per year and a noncustodial father earning \$8,000 per year with two children could yield a maximum CSIP benefit of \$3,304. This is important for several reasons. First, it shows that the program is well targeted, as the largest subsidies would be available to those who are most in need and the subsidies would decrease as the custodial parents' earnings increase (and need decreases).

Second, a large number of eligible families would fall into this lowest-earnings range where the subsidies are largest — the larger the subsidy, the larger the incentive for the noncustodial parent to work and pay child support. In fact, the average earnings of persons in female-headed families with children below the poverty line in 1996 was \$3,642. Therefore, the average poor custodial family would be eligible for a substantial subsidy. In 1996, some 40 percent of female-headed families with children below the poverty line had no earnings, placing them in the first column of the table (assuming the noncustodial parent has some earnings). In addition, for those female-

Maximum Possible CSIP Subsidy for Selected Earnings Levels for Families with One or Two Children

		Mother's AGI (earnings)									
		\$0		\$4,000		\$8,000		\$12,000		\$16,000	
		1 child	2 children	1 child	2 children	1 child	2 children	1 child	2 children	1 child	2 children
Father's AGI (earnings)	\$8,000	\$3,614	\$4,948	\$1,654	\$3,304	\$905	\$953	\$447	\$1,353	\$0	\$752
	\$12,000	\$3,614	\$5,504	\$1,266	\$2,516	\$905	\$1,553	\$447	\$1,353	\$0	\$752
	\$16,000	\$3,016	\$4,716	\$1,243	\$2,078	\$905	\$1,810	\$447	\$1,353	\$0	\$752
	\$20,000	\$2,587	\$3,873	\$1,243	\$2,148	\$905	\$1,810	\$447	\$1,353	\$0	\$752

Note: Assume no income other than earnings and no credits other than the child tax credit and the earned income credit. Calculations use 1998 federal income tax parameters, but assume the \$500 child tax credit is fully phased in (even though this will not be the case until 1999).

headed families with children below the poverty line which were receiving an EITC in 1996, the average value of the EITC was only \$966, leaving much of the EITC "unused."¹¹

Administration

Because of the records required to determine the benefit level, the need for up-to-date accounting of child support payments and the necessary outreach to families involved in the child support system, the CSIP payment would have to be administered by the local Child Support Enforcement Office. All noncustodial and custodial parents in the child support system would be required to turn over copies of their tax returns to the state or local CSE office so that the amount of unused credits could be determined.¹² To encourage noncustodial parents to cooperate, the CSE office should also make sure that noncustodial parents understand that their arrearages will be reduced by the amount of CSIP that the custodial family receives.

After the tax returns of both parties are filed, child support payments for the year would be estimated based on the payments made so far in the current year. The CSE office would calculate the unused child tax benefits for the year for each specific family. The office would then determine the CSIP based on child support paid. These calculations will yield different unused benefit levels and different matching rates for each family that will change from year to year. The complexities of the calculations would be programmed into a computer. The CSE worker would enter the required information from the tax returns and child support payment records into the computer and the program would calculate a unique benefit level for each family. In order for the incentives to work, however, the CSE office must make sure that parents understand the basic features of the CSIP — to the extent the noncustodial parent pays child support, those payments are matched at a given rate and additional payments are made to the child.

In most cases the calculations required are based entirely upon history — earnings and taxes paid in the previous year. However, if the noncustodial parent had little or no earnings in the previous year, but increased earnings in the current year, there would be very little benefit from the CSIP in the current year and the noncustodial

¹¹ Center on Budget and Policy Priorities analysis of CPS data.

¹² In many states, the CSE office already has access to parents' tax returns and/or the authority to request submission of tax returns, W-2s, payroll stubs, etc. in order to determine the earnings of the parents for the purpose of establishing or modifying child support orders. This requirement, therefore, would not really alter the information-gathering authority of the CSE office or the relationship between the case worker and the parents or increase the amount of information on the noncustodial parent's earnings and employment that the office would have access to.

parent would therefore not be rewarded for his increased earnings until the following year. This could occur if, for example, a parent recently got out of jail or just recently became employed as a result of employment services. In these cases, the CSE office would have to make the calculations described above on the basis of current year noncustodial parent earnings. The custodial parent's earnings and taxes would always be based upon last year. Thus, for noncustodial parents with very low earnings — earnings below the poverty line for a family of three (assuming two children) — in the previous year, the CSE office will have to re-calculate the CSIP if earnings increase in the current year.

The noncustodial parent's earnings will have to be reported quarterly and annualized to allow the CSIP to be adjusted for any changes in earnings levels. If the noncustodial parent's earnings fluctuate in the current year then the CSIP that was calculated based on the previous year's earnings serves as the CSIP floor, below which the maximum benefit level for the current year cannot drop. When current earnings rise above the previous year's level, the CSIP would be re-calculated using current earnings and the current year's EITC benefit structure, thus creating an incentive to increase earnings. When current earnings fall below the previous year's level, the maximum CSIP equals the floor set by the previous year's earnings.

The office would determine the CSIP as early in the year as possible and begin making monthly payments (based on the payment for the entire year) to the custodial parent until the next year's tax return is filed and the CSIP is re-calculated.

The office would have some flexibility in determining how and when to distribute these benefits and combine them with child support payments. For example, if the noncustodial parent did not pay his child support in one month because of job loss or a decrease in earnings, the child support office could increase that month's CSIP benefit (and thereby reduce the remaining months' payments) in order to balance out the loss of child support. Or, if the noncustodial parent became unemployed during the year, then his order would be adjusted accordingly and he would probably not be making any payments during his period of unemployment.

These adjustments could affect both the amount of child support paid and the amount of the CSIP. If the child support order is reduced, but the noncustodial parent maintains his payment level, then the proportion of his order paid would increase and so could the CSIP matching rate (although it could not increase above the three-for-one limit). However, even if the child support order is reduced and the noncustodial parent adjusts his payment accordingly, the CSIP matching rate which has already been established for that family for the current year could not go down.

At the end of the year, the CSE office will reconcile the appropriate CSIP based

on actual child support paid. In the very rare instances where the family has been paid too much CSIP for the year, an adjustment can be made to the next year's CSIP payments so that at the end of the next year, the family has received the accurate sum of child support payments and CSIP.

There is very little chance for fraud in the CSIP system as outlined in this paper. The amount of payment depends entirely upon copies of tax returns and actual child support payments that flow through the Child Support Enforcement Office. The family is not eligible for CSIP payments if these conditions are not met. In fact, as explained later, there is a good chance that this proposal will actually *reduce* erroneous claiming of child tax benefits under current tax law.

The Child Support Enforcement Office and the welfare office would be expected to disseminate information to parents about how the CSIP program works and about how the benefits are determined so that parents would be encouraged to participate and be aware of what behavior changes on their part could increase their children's benefit levels, i.e. an increase in work or an increase in child support paid.

Financing

This proposal was originally designed from the point of view of California, which is required by state law to implement child support assurance proposals in three counties. In California and other such states, the CSIP could be funded by state budgetary surpluses or states could finance the CSIP for TANF families with state maintenance-of-effort (MOE) funds.

In the long run the program should be financed with federal dollars, just as the EITC and the child tax credits are financed federally. The administrative costs would be shared on the same basis as the current funding of the child support program — 66 percent federal dollars and 34 percent state dollars. However, states which choose to include state tax credits in the calculation of the CSIP will be responsible for funding this portion on their own.

Advantages of the CSIP

While the explicit purpose of this incentive payment is to increase payment of child support orders, it also has other positive implications. As mentioned earlier, the CSIP would provide noncustodial parents with increased incentives not only to pay child support, but also to work.

Noncustodial parents will have an incentive to work because increasing their current earnings will result in a direct increase in the potential benefits that their

children can receive. This gives noncustodial parents the opportunity to not only improve the well-being of their children, but improves the link in the noncustodial parents' minds between their actions and the well-being of their children.

The resulting CSIP will also ensure that there is a direct connection between child support paid and benefits received by the child. The increased benefits to their children will make noncustodial parents feel more connected with their children, which could lead to increased involvement in other areas of the child's life. It could also change substantially the dynamics between the two parents. Payment of child support by low-income noncustodial parents directly increases the welfare of the custodial parent. Thus, there might be less resistance to child visitation and access.¹³ There also might be less reluctance to have an order modified in a downward direction when the noncustodial parent loses a job because the CSIP would make up all or part of the difference.

In addition, the CSIP will give noncustodial parents more faith in the child support system because they will see that the child support that they are paying is actually benefitting their children. Because noncustodial parents will be informed that the CSIP is designed so that if the full order is paid, then the all of the maximum benefit is paid to their children, they will be aware that paying child support will directly increase the well-being of their children and thereby will be encouraged to pay the full order.

The collection of tax returns by the local child support office for the purpose of calculating the CSIP will provide the office with more accurate information on noncustodial parents' ability to pay. In this way, the CSIP may help the child support office to alter existing child support orders more accurately to reflect changes in the noncustodial parent's ability to pay (such as becoming unemployed or in taking a higher paying job).

Also, administration of the CSIP could help reduce several kinds of tax fraud that are currently occurring. First, because tax forms of the mothers and fathers will be compared, noncustodial parents who illegally claim their children as dependents can be discovered. Second, there has been a continuing debate over the EITC error rate and legislation was passed in both 1996 and 1997 to try to eliminate some of the errors. It is believed that "all viable ideas to reduce errors and achieve savings through *legislative*

¹³ The proposal is not intended to encourage interaction in cases where there is a history of domestic violence, abuse, etc. However, even in these cases, the CSIP would at least allow a greater portion of the *monetary* support provided by the noncustodial parent to benefit his children.

action appear to have been adopted."¹⁴

The administration of the CSIP would provide one new way to reduce some of the EITC error. Some 39 percent of the EITC errors among families with children (both intentional and unintentional) are due to child residency rules.¹⁵ In other words, a parent or guardian who should not be claiming an EITC because legally the children do not reside with him, is receiving a benefit. Being able to compare the custodial and noncustodial parents' tax returns through administration of the CSIP could enable child support administrators to identify noncustodial parents who are fraudulently or inadvertently double-claiming the EITC, report this information to the Internal Revenue Service, and thereby help to further reduce EITC errors. This might also offset the cost of this proposal to a significant extent.

Finally, because the CSIP is a function of child support paid, noncustodial parents would be encouraged to pay child support through the system, rather than underground because their children can only receive the CSIP if their payments are recorded. This feature of the CSIP also eliminates any possibility of underreporting of child support payments by the custodial parent in order to get a bigger benefit because the CSIP will only count child support payments made through the child support office.

Conclusion

The CSIP attempts to correct for the disincentives that currently exist in the child support system for noncustodial parents by providing noncustodial parents with the same incentives as custodial parents to work and support their children, without allowing a family to become better-off by splitting up.

The CSIP accomplishes this by providing benefits to children based upon child support paid by the noncustodial parent and "unused" tax credits from the custodial parent. The CSIP would increase the well-being of low-income children by calculating benefits based on the earnings of *both* parents and would provide increased incentives for the noncustodial parent to work and pay child support.

In addition to the explicit purpose of increasing payment of child support orders, the CSIP also has the potential to make noncustodial parents feel more connected with their children; give noncustodial parents more faith in the child support system;

¹⁴ Robert Greenstein. "The Earned Income Tax Credit and Error Rates." Center on Budget and Policy Priorities, February 25, 1998, p. 1.

¹⁵ Robert Greenstein. "The Earned Income Tax Credit and Error Rates." Center on Budget and Policy Priorities, February 25, 1998, pp. 6-7.

increase the accuracy of alterations to existing child support orders; reduce the potential for several kinds of tax fraud; and encourage noncustodial parents to make payments to the child support system, rather than under the table.

APPENDIX

Detailed Explanation of How the CSIP Benefit is Calculated

Calculating the CSIP benefit involves two steps. The first step is to calculate the amount of "unused" child tax benefits/credits based on income from the custodial and noncustodial parents in the prior calendar year. These include potentially five types of tax benefits:

1. the unused EITC,
2. the unused amount of the head-of-household deduction,
3. unused child personal exemptions,
4. the unused amount of the new child tax credit and
5. similar state child tax benefits/credits.

The second step is to determine what proportion of the child support order has been paid by the noncustodial parent in the current year, apply this same proportion to the value of unused tax benefits calculated in step one and pay the child this amount as a match to the payment of child support by the noncustodial parent.

The first calculation in step one determines the "unused EITC." If the custodial parent has more earnings in the preceding year than the maximum allowed to receive the EITC (\$30,095 for a family with two children in 1998), then there is no unused EITC. If the custodial parent has no earnings, then the unused EITC could potentially equal the maximum possible value of the credit, or \$3,756 for a family with two children in 1998.

The unused EITC would be calculated by adding together the mother's and father's earnings from the previous year, determining the EITC benefit for the combined earnings of the parents (using the federal EITC benefit structure), and subtracting out the EITC benefit that the custodial parent already received on her own.

For example, suppose the custodial parent of two children earns \$5,000 and the noncustodial parent earns \$10,000 in the previous year. The custodial parent's EITC would be \$2,000, so there is potentially some unused credit. Combining their earnings would push them into the phaseout range of the EITC (which begins at \$12,260 in 1998). So, their combined earnings of \$15,000 would yield a credit of \$3,179. To get the unused EITC, the custodial

parent's credit of \$2,000 is subtracted from the \$3,179 to get an unused EITC of \$1,179.

The next part in step one is to calculate the amount of the head-of-household deduction that is not utilized by the custodial parent. If the custodial parent had any tax liability, then it follows that all of the deduction was used and there is no potential unused benefit. Otherwise, the amount of the unused deduction can be determined by comparing the custodial parent's adjusted gross income (AGI) to the standard deduction amount (\$6,250 in 1998) — if AGI is greater than \$6,250 then there is no unused deduction and if AGI is less than \$6,250 then the unused deduction equals the difference between \$6,250 and the custodial parent's AGI. This amount is then multiplied by 15 percent to translate the income deduction into a tax credit value.¹⁶

Next, the amount of unused personal child tax exemptions is calculated. If there was any federal tax liability, then all of the child tax exemptions were used and there is no potential unused benefit. Conversely, if there was any unused head-of-household deduction in the previous calculation, then all of the child exemptions remain unused. In this case, the actual unused exemptions are calculated by simply multiplying the number of children by the exemption amount (\$2,700 in 1998). Otherwise, the amount of the unused child personal exemptions can be determined by subtracting the head-of-household standard deduction amount and the adult personal exemption from the custodial parent's adjusted gross income (AGI). If the result is negative or zero, then all of the child exemptions remain unused and the actual amount of the unused exemptions is again calculated by simply multiplying the number of child dependents the custodial parent could claim by the exemption amount. If the result is positive, this amount subtracted from the product of the number of child dependents she claims multiplied by the exemption amount yields the value of the unused child tax exemptions. The value of the unused child tax exemptions is multiplied by 15 percent to convert it to a credit amount.

The final calculation in step one determines the amount of any unused child tax credits. The amount of the child tax credit utilized by the custodial parent can be easily discerned by looking at the custodial parent's tax return. If the entire \$500 (\$400 in 1998) credit per child has been used, then there is no unused child tax credit. If the custodial parent has utilized less than \$500 per child then there is potentially some unused credit. However, the principle that these tax credits can not make the family where the mother and father are living apart better off than if they were living together comes into play. For example, if both the custodial and noncustodial parent earned \$4,000 each and lived together they would have been ineligible for any child tax credit. Therefore, this family should not receive any benefit from the child tax credit when they

¹⁶ Here it is assumed that most of the people who will be eligible for a CSIP benefit will be in the 15 percent tax bracket.

are living apart. To find the correct amount, the custodial parent's earnings would be added to the noncustodial parent's taxable income (AGI minus his deductions and exemptions) and the calculated unused head-of-household deduction and unused child exemptions would be subtracted. The appropriate tax rate would be applied to this adjusted taxable income to find the adjusted tax liability, a child tax credit amount would be determined for this adjusted tax liability (using the federal child tax credit parameters), and the child tax credit that the custodial parent already received on her own would be subtracted out.

The "total unused tax credits" are determined by adding together the previously calculated unused EITC, unused head-of-household deduction, unused child tax exemptions, unused child tax credit, and any unused portions of state tax credits or exemptions (if California, or any state, chooses to add these). This total becomes the maximum possible CSIP for that particular family.

The next step is to determine what proportion of this maximum the children will receive. If the noncustodial parent pays the entire amount of his order that year, then his children will receive the full amount of the unused credits. If he pays anything less than the full amount (based on the payments that have been made so far in that year), then his children will receive that same proportion of the unused credits. In other words, the more of his order the noncustodial parent pays, the more of the unused credits his children will receive.

For example, suppose a family's total unused credits equal \$2,000 and the noncustodial parent has a child support order of \$4,000 for that year. If the noncustodial parent pays \$2,000 that year, or one-half of his order, then the CSIP paid to his child would equal one-half of the family's total unused credits, or \$1,000.

However, a limit is placed on amount of CSIP benefit paid to the custodial family for each dollar of child support paid by the noncustodial parent. This limit on the "matching rate" is set at three. In other words, for every dollar of child support paid, the custodial family cannot receive more than three dollars of CSIP, no matter what proportion of the order is actually paid.¹⁷

Once the matching rate is established for the particular family, it stays fixed for

¹⁷ This maximum matching rate is based on the incentive (40 percent) a custodial parent receives from the EITC with earnings in the up-slope of the EITC benefit structure. Instead, the child support order was used as a proxy for earnings and then a maximum matching rate was calculated that would provide an equivalent incentive to the noncustodial parent to pay child support. Since the average child support order for low-income noncustodial parents is assumed to be from 12 to 15 percent of earnings, a matching rate of three provides approximately the same incentive (36 to 45 percent) to the noncustodial parent to pay child support as the EITC provides to the custodial parent to work.

the year and can not decrease, even if the order itself is increased. If the father becomes unemployed and the order is modified downward, the matching rate may increase, but not above three. Thus, during the year, the father knows that if he pays the full amount of his order each month, his children will receive the maximum CSIP.

For example, assume a family has \$4,000 of unused credits and the child support order is \$500 per year. Then, one dollar of child support paid would yield eight dollars of CSIP benefit. In this case, the matching rate is excessive and would not be politically feasible. The cap, then, would reduce this matching rate so that one dollar of child support paid would yield three dollars of CSIP benefit.

This CSIP benefit creates two incentives for the noncustodial parent. First, the noncustodial parent has an incentive to earn more because increased earnings can increase the family's unused EITC and therefore his children's potential benefit. Second, the noncustodial parent has an incentive to pay all of his child support order, and the more earnings he has, the easier this will be.

Special Cases

There are two alternative family structures to the one addressed by this model that could slightly complicate the calculation of benefits. The first involves a noncustodial father who has children in two (or more) different families. He might currently live with one set of children and have noncustodial children from another relationship, or he could have two (or more) different sets of children, but is not living with any of them. The second alternative structure involves a mother who has two (or more) children with different fathers.

When the noncustodial father has two different sets of children, the CSIP calculation will be a simple extension of the regular calculation. Since under the federal EITC each of the households with the children is eligible for the maximum credit (assuming earnings are less than \$30,095), each of these cases should be viewed as two separate families made up of a custodial parent with children and a noncustodial parent. The noncustodial parent is expected to make separate child support payments based on his income to each of these families and similarly, the CSIP should be calculated separately for both of these families, both based on the noncustodial father's income.

In the case where the father does not live with any of the children, two separate CSIP benefits would be calculated independently of each other for the children in each of the custodial households. Each calculation would be identical to the calculation described in detail above. In the case where the father lives with one set of children, those children do not receive child support payments from the father and similarly, are

not eligible for a CSIP. Only the noncustodial children are eligible for a CSIP and their CSIP is calculated using the standard CSIP formula.

In situations where the custodial mother has children with different fathers, the calculation is slightly more complicated. A maximum CSIP for the two children combined would be determined based on both children and then each child's share would be determined separately. For simplicity, assume that there are two children with two different fathers. First, a hypothetical CSIP "a" would be calculated using the first father's earnings and the regular calculations, but as if both children are his. Then a hypothetical CSIP "b" would be calculated in the same fashion, but using the second father's earnings. The larger of a and b would become the maximum possible benefit that can be received by the two children combined. Since the children have two separate fathers, each child will have a portion of the custodial family's benefit assigned to them, each will have a different matching rate on their portion of the benefit and each will receive a portion of their benefit that is based on the proportion of the child support order that their father pays. In order to find these amount, the next step is to calculate CSIP benefit amounts "x" and "y" for each individual child based on the custodial mother's and each child's noncustodial father's earnings using the regular CSIP formula. The value of x and y are then pro-rated so that x plus y equals the maximum possible CSIP for the family (the greater of a and b), but so that the proportion of x and y to their sum remains the same. This pro-rated x becomes the maximum possible benefit assigned to the first child and the pro-rated y becomes the maximum possible benefit assigned to the second child. Each child will then receive an actual benefit based on the proportion of his child support order that child's father pays, just as in the regular CSIP calculation.

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Economic Incentives Must Exist in Order to Increase Child Support Payments from Low-Income Fathers and Improve the Well-Being of Their Children

by Wendell E. Primus and Esther Rosenbaum

As welfare reform encourages families to rely on earnings and eventually moves them off of public assistance, income from the child support system will become an increasingly more important mechanism for providing income to children in single-parent, low-income families. Many poor children in single-parent families will be able to escape from poverty — or avoid being pushed still deeper into poverty — only if they can benefit from a combination of wages earned by their mother, earnings from their father paid in the form of child support and government assistance in the form of earned income tax credits, child care subsidies, food stamps and health insurance.

Unfortunately, only a modest fraction of poor children in single-parent families currently receive child support income from their noncustodial parents. The proportion of never-married mothers whose children receive child support payments is especially low. Research indicates that more than \$34 billion in potential child support income goes unpaid each year and that almost two-thirds of single mothers receive no support.¹

The reasons for non-payment vary. Many noncustodial parents do not pay or do not fully pay because they are unemployed or underemployed. Some choose not to pay because of strained relationships with the custodial parents, denial of visitation rights or because they do not trust the custodial parents to spend the money wisely.²

Other noncustodial parents do not pay because they view the child support system as unfair or inefficient. For low-income fathers in some states, the child support orders themselves may be too high. Other complaints about the system include that it is biased toward women, inflexible about modification and adjustment of orders and allows arrearages to build when fathers are truly unable to pay, while providing no opportunity for the cancellation of this debt.³ Many noncustodial and custodial parents disparage the underlying problem with the child support system today — for many

¹ See Elaine Sorensen, "The Benefits of Increased Child Support Enforcement," in *Welfare Reform: An Analysis of the Issues*, Urban Institute, 1995, pp. 55-58 and "A National Profile of Nonresident Fathers and Their Ability to Pay Child Support," in *Journal of Marriage and the Family*, November 1997, pp. 785-797.

² Dan Bloom and Kay Sherwood. *Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase*. Manpower Demonstration Research Corporation, April 1994, pp. 70-3.

³ Dan Bloom and Kay Sherwood. *Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase*. Manpower Demonstration Research Corporation, April 1994, p. 74.

low-income families, a noncustodial father's financial contribution does not actually improve the well-being of his children. Instead, all or most of the payment reimburses federal and state governments for welfare assistance paid to the custodial family. In spite of these issues, enforcement of these orders and ensuring that enforcement tools are used effectively and efficiently remains a very high priority.

Increasing the Effectiveness of Paid Child Support

The most promising strategy to assist disadvantaged fathers in becoming better parents and improving the well-being of their children is one which combines the following: a broad array of employment services plus job creation in some cases, fatherhood programs that are tailored to the particular needs and strengths of the individual father, strong enforcement of child support obligations and substantial economic incentives for noncustodial fathers to pay by ensuring that child support paid actually improves children's economic well-being. While all are important aspects of needed policy change, this article focuses primarily on how to provide economic incentives for the payment of child support.

There are two primary policy options for increasing the effectiveness of paid child support. One is to disregard a substantial portion of the child support payment when calculating the TANF payment to custodial families; the other is to subsidize or supplement the payment of child support. The former policy option aids only those children who are receiving TANF, while the latter helps both TANF and non-TANF children. Both policy options would allow the child support paid by noncustodial parents actually to improve the well-being of their children and thereby encourage fathers to pay more of their order.

Expanding Child Support Disregards

The 1996 welfare law repealed the requirement that states pass through a portion of the child support collected to the AFDC family instead of retaining all of it as reimbursement for AFDC payments made to the family. Therefore, states are now free to continue the pass-through, completely eliminate it, or expand it. Sixteen states have chosen to continue the pass-through, 33 states have completely eliminated it⁴, and two

⁴ From the states' perspective, given the TANF block grant structure and its interaction with the food stamp program, there are significant disincentives to enacting child support disregards. It would cost the states approximately \$1.40 to actually increase the income of a custodial family by \$1.00. On the other hand, these same economic disincentives exist for *any* increase in cash payments, whether it be a simple increase in the cash grant or a greater disregard of the custodial parent's earned income. However, the states have considerable TANF surpluses and any of the aforementioned payments would count in meeting a state's maintenance of effort (MOE) requirement under TANF.

states have expanded it.⁵ One state — Wisconsin — passes through the entire amount of child support that is paid.

Even in those states that have retained the \$50 pass-through to custodial families, these funds are usually partially offset by a reduction in food stamp benefits (since most low-income families receive both TANF and food stamps), further reducing the amount by which the child is made better off by the child support payment. For example, if a noncustodial father pays \$250 in child support, \$50 is passed through, but food stamp benefits to the custodial family are reduced by \$15 as a result of the increase in income. Thus, his child will only be made better off by \$35. This high rate of effective taxation (essentially an 86 percent tax rate) provides the noncustodial parent with little incentive to pay his child support obligation.

In order to increase collections and improve child well-being, all states should significantly expand their child support disregards. In calculating the TANF payment, the state could establish a fixed flat amount to be disregarded (e.g. \$100 or \$200 per month) or could provide a disregard equal to a specified percentage (e.g. 50 percent) of the monthly child support collections, or do some combination of the two. Another possibility is to apply the same disregard policy of custodial parent's earnings under TANF to payments from the noncustodial parent.

Subsidizing Child Support Payments

Another policy option that would increase economic incentives for the noncustodial father to pay child support is to subsidize the amount of child support that is actually paid. Conservatives continually argue that when something is subsidized it encourages more of the subsidized activity. Using that logic, subsidizing child support payments should increase the amount of child support paid, in addition to improving the well-being of children by increasing their income.

The tax code contains a number of provisions that benefit children in low-income families, such as personal exemptions, child tax credits and the earned income tax credit (EITC). These provisions, however, generally only benefit low-income families that have at least *some* earnings. Because many custodial parents have little or no income, they are unable to take full advantage of these tax provisions. Meanwhile, it is possible that noncustodial parents have income that qualifies them for these provisions, but they are not eligible to receive these credits and exemptions because their children do not live with them.

⁵ Paula Roberts. *State Action Re \$50 Pass-Through and Disregard*. Center for Law and Social Policy, January 1998.

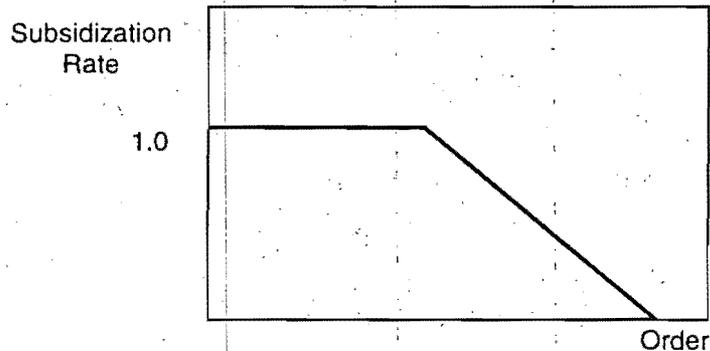
Some children whose parents do not live together are therefore deprived of the benefits of the tax code provisions that were specifically established to assist them because they cannot take advantage of both parents' incomes. These "unused" credits — credits from which the children could have benefitted if they lived with both parents — could be tallied and used to subsidize and incentivize the child support that is paid by the noncustodial parent (see table). The payment would be treated like the EITC (i.e. not counted as income) for the purposes of calculating benefits under other means-tested programs.

As the table below illustrates, for example, there are "unused credits" of \$2,676 for a noncustodial parent earning \$12,000 and a custodial parent with no earnings and one child. Assume in this case that the noncustodial parent has an annual child support order of \$1,784, then for each dollar of child support paid, the child support agency would add \$1.50 to that payment and forward it to his child. Transferring this income to a non-resident child by incentivizing the payment of child support would be an important addition to our income security system.

Maximum Possible Subsidy for Selected Earnings Levels for Families with One or Two Children			
		Mother's Earnings	
		\$0	\$8,000
Father's Earnings	\$8,000		
	1 child	\$2,676	\$905
	2 children	\$4,010	\$953
	\$12,000		
	1 child	\$2,676	\$905
	2 children	\$4,566	\$1,553
\$16,000			
1 child	\$2,578	\$905	
2 children	\$3,921	\$1,810	

There are many other options for subsidizing child support payments that are less complicated. For example, states could just subsidize child support paid by a pre-

set percentage of the child support order, based upon its size. The child support order should serve as a good, but simple proxy for the income of the noncustodial father. The graph below illustrates one option — a state would subsidize the child support paid dollar for dollar up to a certain order amount and then phase out the subsidy with a lower match rate as the size of the order increases. The graph could be configured in any number of ways.



Improving the Well-Being of Low-Income Noncustodial Fathers

Both of these policy options would increase the income of custodial parents and their children, but would not affect the well-being of the noncustodial parents. However, many low-income noncustodial parents are expected to pay a very large proportion of their earnings in child support — often between 30 and 40 percent — leaving them with little disposable income. A father working full-time at minimum wage would be left with income far below the poverty line if he were to pay his full order. This would result in a much lower standard of living for the noncustodial parent than for the custodial family.

For example, assume a custodial mother with two children and a noncustodial father are both earning \$10,000 per year and the father pays the full amount of his child support order. In California, after all taxes, transfers and work expenses are taken into account, the custodial family receives an income that is 134 percent of the poverty line, while the noncustodial father's income is only 53 percent of poverty. While there may be few cases where this example actually occurs in the real world, it is disconcerting that public policy would create this level of inequity. This inequity discourages low-income noncustodial fathers from paying their full orders and often induces them to enter the underground economy or creates an incentive for them not to report their wages honestly.

There are important policy reasons for directly assisting noncustodial parents who are paying child support and alternative ways of accomplishing this objective. One would be to expand tax credits to provide earnings incentives to noncustodial fathers or legislate new tax benefits, such as allowing paid child support to be deducted from income. Another way would be to reduce the size of the child support orders for low-income noncustodial parents. The political feasibility of these alternative policies needs to be evaluated along with the tradeoff between increasing the incomes and ability of low-income noncustodial parents to meet their obligations and increasing the incomes of their children.

For any of these policies to have the desired effects, the culture of the child support office must change. Just as welfare reform during the early 1990s aimed to transform the culture of welfare offices from cash disbursement offices into agencies which focus on placing mothers in the workforce, child support offices must continue vigorously to enforce collection of obligations while working with other agencies and community-based organizations to help noncustodial fathers become employed and develop stronger ties to their children. Child support offices cannot be expected to provide all of the necessary services on their own and probably should not, but they must be encouraged to develop strategies and linkages with other agencies/ organizations that will assist these fathers to better provide for their children, rather than just collect and disburse checks. Providing economic incentives could well be the key ingredient for encouraging noncustodial fathers to pay more of their child support orders and thereby improving the well-being of children in low-income, single-parent families.

CENTER ON BUDGET AND POLICY PRIORITIES

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DEVELOPING INNOVATIVE CHILD SUPPORT DEMONSTRATIONS FOR NON-CUSTODIAL PARENTS

A critical concern among policymakers is the development and enactment of policies that lessen the extent and depth of poverty, especially among children. Many poor children in single-parent families will be able to escape from poverty – or avoid being pushed still deeper into poverty – only if they can benefit from a combination of wages earned by their mother, earnings from their father paid in the form of child support, and government assistance in the form of earned income tax credits, child care subsidies, and food and health insurance. The Center on Budget and Policy Priorities is undertaking the development of demonstration projects that concentrates on the second of these three income sources – increased contributions from the earnings of non-custodial fathers.

Building on the work states and localities have already undertaken in developing programs for non-custodial parents, the Center is working to initiate projects designed to achieve two primary goals: first, to boost the employment and earnings of non-custodial parents and second, to pass some of those increased earnings on to children in the form of child support. As described below, this is an opportune time for states and localities to undertake new projects for non-custodial parents because new federal funding for these efforts was provided as part of the Balanced Budget Act of 1997.

Background

Currently, only a modest fraction of poor children in single-parent families receive child support income from their non-custodial parent. The proportion of never-married mothers who receive child support payments is especially low. Research indicates that more than \$34 billion in potential child support income goes unpaid each year and that almost two-thirds of single mothers receive no assistance.

The new welfare law makes important strides in the child support enforcement arena, strengthening the tools for collecting child support from non-custodial parents who have income. However, it does little to help jobless non-custodial parents enter the labor force, and consequently, little to increase child support collections from non-custodial parents who lack earnings from which to make these payments. This is very problematic given that the economic circumstances of young men, particularly those with limited skills and education credentials, are decaying at an alarming rate. The inflation-adjusted average annual earnings of 25- to 29-year-old men without a high school diploma fell by 35 percent between 1973 and 1991. This suggests that the payoff

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from tighter enforcement may be constrained by the inability of some non-custodial parents to pay.

Currently, the child support system does not have the enforcement mechanisms to handle instances where the non-custodial father claims to be unemployed. Judges and child support officials usually have limited means at their disposal to determine the accuracy of a noncustodial parent's claim that he has no earnings. Moreover, jailing unemployed fathers is counterproductive. Judges may order noncustodial parents to seek work and report back to the court on these efforts, but courts and state child support enforcement agencies have large caseloads, are often overwhelmed, and typically lack the resources to monitor activities of this nature.

A final issue that affects the ability of the child support system to collect payments is the low level of cooperation by non-custodial parents. For AFDC or TANF cases, the father's incentive to make payments may be greatly diminished because the state can retain, as reimbursement for welfare costs, all child support payments. Under TANF, states can retain child support payments for the reimbursement for both cash and non-cash assistance (i.e. services) provided to the family. This can lead to a preference (on the part of both parents) for informal, direct payments that bypass the system.

Many non-custodial parents also are convinced that the child support system is fundamentally unfair, particularly to low-income non-custodial parents who, in their view, are frequently presented with support obligations that far exceed their ability to pay. This can be particularly true for non-custodial parents who do not make the required child support payments and accumulate a debt in the amount of owed child support. The existence of this child support debt -- which can be substantial -- can be daunting to non-custodial parents in low-wage jobs. Because the non-custodial parent may feel they will never be able to pay off their child support fully even if they are working, these arrearages may actually deter them from seeking stable employment or making child support payments or cause them to completely sever ties from the family.

The Parent's Fair Share Demonstration

In the Family Support Act of 1988, Congress mandated that various demonstration projects be conducted, including projects testing the provision of JOBS services to non-custodial parents. For the past several years, a major demonstration project known as Parents' Fair Share (PFS) has been carried out at nine sites. Supported by the federal government and several foundations, PFS is a response both to this legislative mandate and to the need to develop new, more effective approaches to dealing with non-custodial parents.

The Parent's Fair Share demonstration requires non-custodial parents of children on welfare to participate in employment-related and other services when they are unemployed and unable to meet their child support obligations. As summarized in Table 1, PFS has offered a variety of services to non-custodial parents, including four core components: a menu of employment and training services with a special emphasis on on-the-job-training (OJT) as a means to mix training with income-producing work; peer support groups built around a curriculum stressing responsible fatherhood; opportunities for non-custodial parents to mediate conflicts with custodial parents; and assistance with problems related to child support obligations. Through these services, PFS seeks to increase the earnings and living standards of non-custodial fathers, to translate these earnings into increased child support payments, and ultimately, to both improve the well-being of children and reduce public welfare spending.

Although the final results of the demonstration are not currently available, some of the initial results are promising. It appears that child support collections have increased in some sites. In addition, the "smokeout effect" is high — a significant number of those who claimed to have no earnings were found, as a result of the project, actually to have earnings. Finally, the peer support component has emerged as the core of the program, and judging by levels of participation and enthusiasm, as the most successful component.

Despite these promising developments, however, there is potential to build on the Parents' Fair Share demonstration. The program offers limited alternatives if the father is out of work and employment can not be found. In addition, it has not experimented with policies to ascertain whether passing through to AFDC children more of the child support paid on their behalf will result in increased child support payments. Increased earnings that lead to increased child support payments under PFS generally result in little if any additional income for children on AFDC.

Developing a Model for a Further Round of Demonstrations

To address these matters, the Center staff is working with states and localities to develop a new demonstration model for non-custodial parents. Its core elements would consist of enhancing the employment component of Parents' Fair Share demonstration and enacting mechanisms to assure that a larger portion of a non-custodial parent's earnings actually reach the parent's children.

The Employment Component

Several pieces of recent academic research show that the number of low-skilled job seekers in many cities substantially exceeds the number of low-skilled jobs, making it difficult for the less-skilled among this disadvantaged group to secure sustained

Table 1

**GUIDELINES FOR PARENTS' FAIR SHARE PILOT PROGRAMS:
Four Core Components**

1. EMPLOYMENT AND TRAINING

The Parents' Fair Share pilot programs have included a group of activities intended to help participants secure long-term, stable employment at a wage level that would allow them to support themselves and their children. Since noncustodial parents vary in their employability levels, pilot programs were strongly encouraged to offer a variety of services, including job search assistance and opportunities for education and skills training. In addition, since it was important to engage participants in income-producing activities quickly and to establish the practice of paying child support, pilot programs were required to offer opportunities for on-the-job training (OJT), which combines skill-building and immediate income.

2. ENHANCED CHILD SUPPORT ENFORCEMENT

A primary objective of Parents' Fair Share is to increase support payments made on behalf of children living in single-parent welfare families. This goal will not be met unless increases in participants' earnings are translated into regular child support payments. Although a legal and administrative structure already exists to establish and enforce child support obligations, pilot programs were encouraged to develop new procedures, services, and incentives in this area. These included: 1) steps to expedite the establishment of paternity and of child support awards and wage withholding arrangements; 2) quick follow-up when noncustodial parents failed to participate in the program as ordered; and 3) flexible rules that allow child support orders to be reduced temporarily while noncustodial parents participate in Parents' Fair Share and build the capacity to meet their child support obligations more adequately in the future.

3. PEER SUPPORT

MDRC's preliminary research on the Parents' Fair Share demonstration suggested that employment and training services, by themselves, might not lead to changed attitudes and regular child support payments from all participants. Thus, pilot programs were developed in which support groups for participants were established to inform participants about their rights and obligations as noncustodial parents, to encourage positive parental behavior and sexual responsibility, to strengthen participants' commitment to work, and to enhance participants' life skills. The component was built around a curriculum called *Responsible Fatherhood*, supplied by MDRC. Some of the pilot programs also included guest speakers, recreational activities, mentoring programs, and/or planned parent-child activities.

4. MEDIATION

Often disagreements between noncustodial parents about visitation, household expenditures, lifestyles, child care, school arrangements, and the roles and actions of other adults in their children's lives influence child support payment patterns. Thus, the pilot programs were required to provide opportunities for parents to mediate their differences, using services modeled on those provided through many family courts in divorce cases.

Source: Dan Bloom and Kay Sherwood, "Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase," Manpower Demonstration Research

employment. By swelling the number of low-skilled individuals in the labor force, welfare reform is virtually certain to aggravate this problem.

This suggests that different types of employment strategies will be needed both to increase the overall number of low-skilled jobs and to give individuals with few skills and limited work history an opportunity to gain experience and skills that may make them sufficiently attractive to employers to secure private-sector positions. Toward this end, we are working to develop several components of an employment model to help non-custodial fathers attain the necessary job skills to find and retain a job. While each community needs to determine which services are most appropriate, there are four basic activities that should be considered: job readiness activities, on-the-job training, publicly funded jobs of last resort, and job retention services. Not all services are appropriate for all fathers, thus it is also important to develop mechanisms to ensure the most hard-to-serve fathers receive the most intensive services.

- *Job readiness activities.* Job readiness activities include assessment, job clubs, short training sessions to acquire "soft skills," peer support, mediation, parenting, and other services to respond to each client's needs. It would be appropriate for most unemployed non-custodial fathers to receive this set of services, with many job-ready clients being placed directly into jobs as a result of the activity. Clients receive no pay or stipend for this activity except for reimbursement for transportation expenses. During the time spent in these activities, child support orders would be suspended and arrearage credit might accrue with successful completion of this component.
- *On-the-job training and trial employment.* Individuals unable to find employment immediately could be placed either in on-the-job training or trial employment with a private employer. Under the trial employment component, a employment service provider would act as an intermediary and help develop entry level positions among a variety of local employers. Recognizing that private companies are reluctant to bring individuals onto their payrolls unless they have assurances the individuals will work out, the intermediary would essentially guarantee that a given employee is job-ready. Before being placed in a position, clients would receive a mixture of classroom training and soft skills enhancement and demonstrate they are job-ready. During the time a client is in this component, the client could be paid an hourly wage. After an initial period of training, the client would be placed with a private firm and receive further training on the job. The intermediary would continue to pay the client until the company the client has been placed is ready to hire the client and bring him or her onto the payroll. In addition to trial employment, it would also be beneficial to develop opportunities for participants to mix training with work, either through on-the-job training or through combinations of classroom training or education and subsidized or unsubsidized work.

- *Publicly-funded jobs.* For those fathers who cannot locate unsubsidized employment and are not ready for the component described above (i.e., are unable to be placed with a private employer), publicly-funded jobs could be needed. It is envisioned that most of these opportunities for paid employment would be in nonprofit and community-based organizations. Access to such jobs can help non-custodial parents subsequently move into unsubsidized employment. These positions are needed both to increase the overall number of low-skilled jobs in areas of high unemployment and to give hard-to-employ individuals an opportunity to gain work experience and job-related skills. In the absence of community jobs, it is unlikely that many of non-custodial parents will be able to enter the labor market (or to meet their child support obligations).
- *Job retention services.* The final component of the program would provide job retention services. This component would help individuals remain in their jobs and would handle employer/employee relationships or other employment barriers as they present themselves.

To the extent possible, participation in the employment component of the program would be required for fathers who were not paying child support — that is, the father would face consequences (with a possible ultimate step of incarceration) if they did not participate in the program or pay child support. Significant efforts would be made, however, to secure cooperation by the father on a voluntary basis by stressing the positive aspects of the program — peer support, assistance in finding employment, arrearage reduced if current support is paid, and the support order suspended while the father is in the program on an unpaid basis.

The Child Support Component

The second area where the new demonstration model would extend beyond Parents' Fair Share involves testing several ways to ensure that when a non-custodial parent finds employment and pays child support, a larger share of the child support payments reach the child on whose behalf they are made.

Changes in federal and state policies have altered AFDC to emphasize work and efforts to surmount barriers to employment among custodial parents, rather than simply focusing on whether the AFDC check was appropriately calculated. Similarly, our vision is that the child-support system should not simply demand payment but also see overcoming obstacles to employment among non-custodial parents as part of its mission. As part of the program model for non-custodial fathers, we have identified several potential enhancements to move the system in this employment-oriented direction. If this is accomplished, it may act as a positive force in assisting fathers to secure and maintain jobs.

- *Pass-through of child support payments.* Currently, in most states, child support payments made on behalf of children receiving welfare will be retained by the state welfare department and will not increase the well-being of the father's children. This may discourage the payment of child support by the non-custodial father and weaken the incentive for the non-custodial father to go to work. In this project, we would like to test an approach where a portion or the entire child support payment made on behalf of children receiving TANF assistance is passed through to the family. Because we anticipate greater employment and earnings among non-custodial fathers in the project, the additional costs of the pass-through could be covered by the increased child support payments made by program participants.
- *Flexibility in adjusting child support orders.* Non-custodial fathers in low-wage jobs often experience fluctuations in income, primarily because they change jobs or become unemployed. Policies that allow child support awards to be adjusted quickly as employment circumstances change may encourage fathers to make child support payments and prevent accumulation of arrearage in situations beyond the father's control. It also would be useful to develop policies that do not allow arrearages to accrue when the father is participating in employment-enhancing services.
- *Arrearage Policies.* Another component that could be incorporated into the program model is the development of alternative methods for handling child support arrearages accumulated by the non-custodial fathers. The existence of child support debt — which can be substantial — can be daunting to non-custodial fathers in low-wage jobs. Because these fathers may feel they will never be able to pay off their child support fully even if they are working, some argue these arrearages may deter them from seeking stable employment or making child support payments, or may cause them to sever completely their ties to the family. To examine whether changes in arrearage policies would increase employment and child support payments, we hope to interest states in testing two types of changes in policies related to arrearages. First, we would like to see a test of changes in two policies that can cause large arrearages to exist in the first place: the practice of making child support orders retroactive to the date the child first received AFDC or TANF, which can be several years in the past; and the practice of assuming that the non-custodial parent has earnings in circumstances where that may not be the case. Second, we would like to test new policies under which past arrearages are partially forgiven in circumstances where the father has been making child support payments or participating in employment activities for a set period of time. (Depending on the situation of the mother, some arrearages may be owed to the state for past welfare payments, while some may be owed directly to the family. States have the ability to forgive arrearages owed to *them*. Arrearages owed to the *family* cannot be forgiven.)

- *In-kind payments.* In circumstances where the father cannot make child support payments because he is not working, he could be given the option of providing in-kind services to the family. This could include providing child care or some other service to the family.

By changing the specific policies described above, the child support system would provide more incentives for non-custodial fathers to become employed and pay child support from their earnings. In addition, the child support system could be used to mandate participation by non-custodial parents in job-readiness, public service employment and other employment enhancement activities.

Resources Available for the Demonstrations: Welfare-to-Work Grants

This is an opportune time for states and localities to develop innovative programs for non-custodial parents. The new welfare-to-work grants contained in the recently-enacted federal balanced budget legislation give states and communities important opportunities to strengthen and expand their welfare reform programs, including efforts to serve non-custodial parents. In every state, these grants will increase the overall resources available to support welfare-to-work initiatives. The focus on local control and decision-making in this new program also will enable communities to make investments that respond specifically to unique local needs, supplementing welfare-to-work activities already implemented at the state or county level under the Temporary Assistance to Needy Families (TANF) program. Finally, the federal welfare-to-work grants will allow states and communities to design and test new strategies for helping hard-to-employ individuals, thereby laying the groundwork for future reforms of the welfare system.

Local governments and private industry councils (PICs) will play pivotal roles in the implementation of the new federal welfare-to-work grants. Formula grants will channel the bulk of new federal funds through states to cities and other areas with high concentrations of poverty. Local officials and community leaders must work with state policymakers to ensure that their full allotment of formula grant funds is secured by identifying the state, local, or private matching funds required under the federal law. In addition, more than \$700 million in competitive grants to local communities, PICs, and nonprofit agencies will be awarded over the next two years, a total far larger than typically distributed under federally-administered grant programs. These competitive grants give cities important new opportunities to promote innovation and test new strategies for moving hard-to-employ individuals from welfare to work.

The Center on Budget and Policy Priorities is working intensively to encourage the use of formula grants and to stimulate innovative proposals for competitive grants for the development of programs serving non-custodial parents of children in TANF households. Of course, states also should consider how new federal welfare-to-work

grants could strengthen other aspects of current welfare reform efforts such as job retention, placement, and support services.

The appendix of this paper provides details on the welfare-to-work grants. The U.S. Department of Labor (DOL) is also making a variety of materials related to the federal welfare-to-work grants available on the Internet. Planning guidance for states, facts sheets describing the program, regional DOL contacts, and final state-by-state allocations of formula grant funds can be found on the DOL welfare-to-work website at <http://wtw.doleta.gov>. Interim final regulations for the program were published on November 18, 1997 and are available at the DOL website. A Solicitation of Grant Applications (SGA) for competitive grants, which describes the process for submitting applications for such grants, was published on December 30, 1997 and can also be accessed through the DOL website. Grant applications for the first round of competitive awards (with approximately one-quarter of the grant money being awarded) are due on March 10, 1998. There will also be subsequent SGAs for competitive grants although the schedule has not yet been announced.

Research Issues

In developing a model for a new round of demonstration projects, the Center is seeking to interest a number of states in testing the resulting model in various localities. (Note: the Center will not be responsible for evaluating these demonstrations -- this task is better-suited to MDRC, Mathematic, Abt, the Urban Institute, or others.) The research questions to be investigated include: the degree to which the employment and earnings of non-custodial parents are increased; the extent to which such parents become more likely to secure and retain private sector employment, particularly as a result of the publicly-funded jobs of last resort intervention; the extent to which changes in child support policies increase the amount of support paid by non-custodial parents and raise the incomes of children; and the extent to which this collection of policies increases the involvement of fathers in the lives of their children in a positive way.

The welfare-to-work legislation sets aside resources for evaluation of projects funded by welfare-to-work grants. The SGA described above contains more information on how states and localities can apply for these resources to evaluate their welfare-to-work projects.

Appendix: Major Provisions of the Welfare-to-Work Legislation

- The \$3 billion in new federal welfare-to-work funds will be distributed to states and communities over the next two years. Half of the total — \$1.5 billion — will be available in federal fiscal year 1998 and the remaining \$1.5 billion will be distributed in fiscal year 1999. States and communities will be given up to three years after they receive grants to spend these funds. All funds must be spent by September 30, 2001.
- Funds provided under this legislation will be distributed through two kinds of grants: 75 percent of the funds are allocated to states on a formula basis, while the remaining 25 percent are awarded by the U.S. Department of Labor (DOL) through competitive grants.
- Most of the funds allocated to states through formula grants must be passed through to local Private Industry Councils (PICs), the entities that currently administer job training programs funded under the federal Job Training Partnership Act (JTPA). Only 15 percent of all formula funds can be retained by the state for state-administered programs and activities. States are required to submit plans to DOL that focus largely on procedural rather than substantive issues, including assurances of coordination between welfare-to-work grants and TANF work activities. The deadline for submission of state plans to DOL is December 12, 1997.
- Funds received by states on a formula basis are subject to a matching requirement. States must spend \$1 of their own funds for allowable activities under the new law in order to receive \$2 through federal formula grants. State expenditures beyond the TANF maintenance-of-effort (MOE) requirements, and perhaps local expenditures for allowable activities, will be counted toward this match. Funds that are not claimed by states in fiscal year 1998 will be added to the formula funds available in fiscal year 1999 and reallocated across all states in that year.
- Competitive grants can be awarded by DOL to PICs, local governments (i.e., cities and counties), or nonprofit organizations that submit proposals in conjunction with either PICs or local governments. No matching funds are required under these competitive grants. DOL's deadline for submission of proposals for a first round of competitive grants is likely to be in February 1998.

- The legislation authorizes a range of work-focused activities for which funds may be used, including:
 - publicly-funded jobs and other wage subsidies;
 - on-the-job training;
 - job readiness, job placement, and post-employment services (which DOL may define to include education and training services provided to individuals after, but not before, they have been placed in jobs);
 - job vouchers for similar services;
 - unpaid community service or work experience programs; and
 - job retention and supportive services (including transportation, child care, and substance abuse treatment if such services are not otherwise available).
- At least 70 percent of funds under both formula and competitive grants must be used to serve a highly disadvantaged group of TANF recipients or noncustodial parents of children in TANF households. These required beneficiaries must have either received assistance under TANF for at least 30 months or be within 12 months of a time limit on such assistance, and they also must face at least two of the three following barriers to employment:
 - (1) lacking a high school diploma or GED and has low reading or math skills;
 - (2) requiring substance abuse treatment for employment; and
 - (3) having a poor work history.
- The remaining 30 percent of funds can be used to assist other TANF recipients or noncustodial parents who have characteristics associated with long-term welfare receipt.
- \$100 million will be reserved from the total funds available in fiscal year 1999 for performance bonuses to states that will be awarded by the Secretary of Labor in fiscal year 2000.

More Detailed Summaries of the Legislation

The Center for Law and Social Policy (CLASP) and the Center for Community Change (CCC) both have prepared more detailed summaries of the welfare-to-work portion of the balanced budget legislation. These summaries can be obtained directly from CLASP (202/328-5140) and CCC (202/342-0567) in Washington, D.C.



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Judith M. Gueron, *President*

September 21, 1998

Ms. Cynthia A. Rice
Special Assistant to the President
for Domestic Policy
The White House
Washington, DC 20500

Dear Cynthia:

On September 29, MDRC will release a new report on the implementation and interim results of the seven-site Parents' Fair Share Demonstration (PFS) – the largest national demonstration program for unemployed noncustodial fathers of children on welfare who are behind in their child support payments. The goals were to increase child support payments, improve the men's employment and earnings, and assist the fathers in playing a wider constructive role in their children's lives.

The report shows that PFS has succeeded in getting more of these fathers to pay child support than would otherwise have paid. This resulted partly from special outreach efforts that identified fathers who were in fact employed and could pay child support, and partly from the program itself.

About half of the fathers worked at some point during each of the six quarters of follow-up, but PFS's participation requirements and employment and other services did not raise fathers' employment rates or earnings above those of a control group of similar fathers. The final (1999) report will present longer-term follow-up and broader outcomes.

With time limits on welfare putting new urgency behind efforts to increase the financial support of noncustodial fathers, and with programs for this group proliferating nationwide (spurred by new federal welfare-to-work funding), the findings and lessons from this new report are particularly timely. Among the lessons: the need for a strong partnership of various local agencies (child support, government-funded employment agencies, and community groups), close involvement of the local child support enforcement staff, a strong peer support component focused on parenting issues, and provision of a broad enough menu of employment and training services to meet the needs of this varied group of fathers, many of whom live in very difficult circumstances, as vividly portrayed in another, forthcoming report.

I thought you would want to see an advance copy of the report's Executive Summary. **Please note that the report is confidential: it is embargoed until September 29, when it will be released.** If you have any questions or would like further information, please get in touch with me.

Sincerely,

Judith M. Gueron
President

Manpower Demonstration Research Corporation

FACT SHEET: THE PARENTS' FAIR SHARE DEMONSTRATION

What is Parents' Fair Share?

The Parent's Fair Share Demonstration (PFS) is a seven-site test of programs that provide employment and training and other services to noncustodial parents (usually fathers) of children receiving welfare who are unemployed and unable to meet their child support obligations.

What are the goals of PFS?

PFS aims to increase fathers' child support payments (and reduce welfare spending), improve their employment and earnings, and assist them in playing a wider constructive role in their children's lives, with resulting improvements in the life circumstances of low-income children and families.

How was PFS created?

The Family Support Act, the 1988 welfare reform legislation, authorized a test of employment services for noncustodial parents. Participating states were granted special permission to serve noncustodial parents in the Job Opportunities and Basic Skills Training Program (JOBS), which was normally reserved for welfare recipients.

Who was eligible for PFS?

Noncustodial parents of children receiving welfare who were unemployed and unable to meet their child support obligations were eligible for PFS.

How did noncustodial parents get into PFS?

In most cases, noncustodial parents were referred or ordered into PFS during court hearings brought on by their failure to make court-ordered child support payments.

What services did PFS provide?

PFS programs were built around four core components:

- Employment and training services, with a goal of offering a mix of job search assistance and skill-building activities, especially on-the-job training (OJT).
- Peer support groups built around a curriculum stressing responsible fatherhood.
- Opportunities for noncustodial parents to mediate disputes with custodial parents and others that may interfere with support payments.
- Enhanced child support enforcement to ensure that increased earnings would be translated into support payments and that noncustodial parents' support obligations would reflect their ability to pay.

What is the status of the demonstration?

The full seven-site PFS demonstration program was operated between 1994 and 1997, following a two-year pilot phase. The demonstration includes a multifaceted evaluation, using a variety of data sources and a random assignment research design (with a control group) to reliably estimate the program's effects. The new report — *Building Opportunities, Enforcing Obligations* — describes the program's implementation and presents its interim (18-month) results in terms of child support payments and employment and earnings. It was based on about half the total research sample of more than 5,000 noncustodial parents. A companion report (*Working with Low-Income Cases*, 1998) presented lessons from PFS for the child support enforcement system, while a qualitative study, to be published in 1999, will present in-depth information on the lives of some of the PFS participants. The final report, also scheduled for 1999, will provide two years of follow-up information on the full research sample and include a wider range of program outcomes, including information on whether PFS has increased parental involvement and reduced parental and child poverty.

FACT SHEET: THE PARENTS' FAIR SHARE DEMONSTRATION

How is PFS funded and managed?

PFS is the product of a unique partnership of federal agencies and private foundations. The demonstration is funded by three federal agencies — the U.S. Department of Health and Human Services, U.S. Department of Agriculture, and U.S. Department of Labor; a group of foundations — the Pew Charitable Trusts, W. K. Kellogg Foundation, Charles Stewart Mott Foundation, Annie E. Casey Foundation, Smith Richardson Foundation, Ford Foundation, McKnight Foundation, and Northwest Area Foundation; and the seven participating states. The Manpower Demonstration Research Corporation (MDRC), a nonprofit social policy research organization, is responsible for coordinating and evaluating the demonstration. At the local level, a wide variety of public and private agencies have played a role in operating PFS. These include welfare agencies, courts, prosecuting attorneys, community colleges, school districts, nonprofit social services agencies, and employment and training providers funded under the Job Training Partnership Act (JTPA).

Where did the PFS Demonstration operate?

California	Los Angeles County (Los Angeles)
Florida	Duval County (Jacksonville)
Massachusetts	Hampden County (Springfield)
Michigan	Kent County (Grand Rapids)
New Jersey	Mercer County (Trenton)
Ohio	Montgomery County (Dayton)
Tennessee	Shelby County (Memphis)



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**PROGRAM FOR FATHERS OF CHILDREN ON WELFARE
LEADS MORE TO PAY CHILD SUPPORT**

A study released today by the Manpower Demonstration Research Corporation (MDRC) shows that Parents' Fair Share (PFS) – the largest national demonstration program for unemployed noncustodial fathers of children on welfare – has succeeded in increasing the fathers' child support payments, a key goal of the demonstration. The program has not yet, however, improved the fathers' employment and earnings.

With poverty and welfare receipt concentrated among single mothers and their children — and with time limits on welfare looming — federal and state welfare reforms have made it a high priority to increase the financial support provided by the children's fathers. Parents' Fair Share was the first major national effort to develop and test a program aimed at those among these fathers who are behind in their child support payments because they are unemployed.

Increasing child support payments was a goal of the federal legislation authorizing the demonstration, but Parents' Fair Share also aimed, more broadly, to improve the men's employment and earnings and assist them in playing a wider constructive role in their children's lives. According to Fred Doolittle, lead author of the new study, "People across the political spectrum are now turning to the other half of the welfare reform challenge: helping poor, unemployed fathers get on their feet and assume greater parental responsibilities. The findings released today point toward concrete payoffs and lessons for doing this better."

The Challenge of Child Support Enforcement

Despite improvements in the child support enforcement system, low-income fathers outside the economic mainstream are largely missed by the usual enforcement efforts (such as computer searches for the fathers' addresses, employment, and income). Instead, child support enforcement agencies and the courts often face a frustrating choice between coercion (threats of jail) or sending fathers off on their own to seek employment and report back to the courts.

With many low-income fathers, courts and support enforcement agencies cannot be sure whether a parent has hidden income but is unwilling to pay support or is unable to pay and needs assistance in getting and keeping a job. Further, child support collected for children receiving welfare goes primarily or entirely back to the government as reimbursement for welfare, often discouraging parents from seeking or paying support through the formal system.

New ways are needed to increase the incentive, motivation, and ability of low-income fathers to support children who do not live with them and to help the courts and child support enforcement agencies distinguish between those *unwilling* to pay (for whom further enforcement is the appropriate response) and those *unable* to pay (who need employment opportunities and other assistance). Parents' Fair Share was a direct response to this challenge.

The Parents' Fair Share Demonstration

Combining changes in the child support enforcement system with broader efforts rooted in fatherhood programs, Parents' Fair Share operated from 1994 to 1997 in seven locales around the country: Dayton, Ohio; Grand Rapids, Michigan; Jacksonville, Florida; Los Angeles, California; Memphis, Tennessee; Springfield, Massachusetts; and Trenton, New Jersey. Fathers who were behind in their support payments and claimed unemployment were ordered by the courts to participate in the program. Local programs did special reviews of the child support cases of parents who looked like they might be eligible (linked to a child receiving welfare, behind in support, no known job) and referred those who were appropriate to PFS.

The program offered job training, help in looking for work, peer support groups focused on the rights and responsibilities of fatherhood (the "glue" of the program), and voluntary mediation between the fathers and mothers to work out conflicts. To create an incentive to participate, the program temporarily reduced the child support orders of parents who met program re-

quirements; it also closely monitored job-seeking efforts so as to put in place wage withholding orders when fathers started earning money.

Because of the program's requirement to participate in services, fathers who had jobs were forced to report them to child support staff, since they could not simultaneously work and be active in the program. Thus, the program had the potential to "smoke out" previously unknown jobs and allow the agencies to put wage withholding orders in place to get child support.

The evaluation of the demonstration is following more than 5,000 noncustodial parents for two years from the time they entered the study to see what difference the program made in their child support payments, employment, earnings, relationship to their children and the custodial parent, and other outcomes. Fathers entered the study between mid 1994 and mid 1996. About half of them were assigned, at random, to be referred to the program, while the other half serve as a control group for comparison. The demonstration is funded by a consortium of private and public funders.

Key Findings of the Study

The new study is based on the first 18 months of follow-up for approximately half of the men in the study. The researchers found that PFS increased parents' child support in two different ways. Parents subject to the special case review involved in PFS intake (even before they were referred to PFS programs) made more payments to the child support agency than those subject to standard child support enforcement. In three sites, where a special study of this aspect of the program was conducted, the increase (relative to the control group) in the proportion of parents paying child support because of the special case review alone ranged from 6 to 15 percentage points, and average total child support payments per parent subject to the extra outreach increased by \$160 to \$200 over the 18 months of follow-up (again compared to the control group). This effect on support occurred even before referral to the PFS program.

Separate from the effects of this special case review, a larger number of parents who were referred to PFS services and were subject to its participation requirements paid child support than would have paid in the absence of the program. Across all seven sites, the proportion of parents paying support during the 18 months of follow-up increased by about 4.5 to 7.5 percentage points (relative to the control group). These impacts were mainly the result of impacts in three of

the seven sites (Dayton, Grand Rapids, and Los Angeles). In two of these three sites, the average amount of child support paid per parent also increased by a statistically significant amount.

In a disappointing finding, the study concluded that these increases in child support came without a corresponding increase in fathers' employment and earnings. Across the seven sites, about half of the fathers worked at some point during each quarter of follow-up, but access to PFS services did not raise fathers' employment rates or earnings above those of the control group.

The report also discusses the implementation of the program. Slightly more than two-thirds of the fathers referred to the program participated in at least one activity, while the remaining one-third did not comply with their order to participate and were consequently referred back to the child support agency for traditional child support enforcement. The average participant was active for about five months, with participation being greatest in peer support and job search workshops. These participation levels are similar to those achieved in mandatory programs for custodial parents (usually mothers) receiving public assistance. Three sites (Los Angeles, Grand Rapids, and Springfield) were more successful than the others in putting in place services designed to build occupational skills through on-the-job or classroom training.

Fred Doolittle summed up the basic findings as follows: "Working with a group that has sometimes been viewed as unlikely to respond to enforcement efforts, PFS got more fathers to pay child support. On the opportunity side, the search must continue for ways to help more of these men get and keep better jobs." According to Virginia Knox, another of the study's authors, "It turned out there were two types of fathers in PFS: for the more employable, the short-term 'job finding' services emphasized in the program just were not enough to help them find better jobs than they could get on their own. For others, the many problems they faced on a day-to-day basis sometimes overwhelmed the effect of the program."

The PFS Fathers

Since so little was previously known about the lives of the fathers of children on welfare, the Parents' Fair Share project made this a special focus of the research. It found that the men referred to the program were often quite disadvantaged, though some did have a substantial work history. About half lacked a high school diploma or GED (high school equivalency certificate),

nearly 70 percent had been arrested as an adult on a charge unrelated to child support, only 20 percent had participated in any education or training program in the year before referral to the program, and few received any cash assistance, though about 30 percent lived in households receiving Food Stamps. At best, the fathers had worked at a series of short-term, low-wage jobs. Forty-three percent of the fathers had earned \$500 or less in the nine months prior to their referral to the program, and only about one-fourth had earnings above \$3,500 (an average of about \$400 a month) over the same period. Many initially expressed skepticism about the goals and services of Parents' Fair Share, based on their perception that the child support system was "stacked against them"; PFS program operators had to overcome this view to engage the parents in the program.

Beyond these statistics, much was learned about the daily lives of these parents. Many lacked stable housing, relying on friends and relatives for a place to stay and moving on when they wore out their welcome. At times some were homeless, living in their cars, in public spaces, or in shelters. Despite this disruption and instability, many made repeated efforts to remain in contact with their children and to help support them by providing needed items such as diapers, food, or clothing; by being a source of emotional support or taking the children on recreational outings; and, at times, by caring for the children for an extended period. But the reality of their tenuous and often tense relationship with the mothers of their children often led to a break in contact. At times, these occurred because the fathers felt they lacked the money to be a father to their children.

There were many sources of tension in the lives of the PFS fathers. Most saw the child support enforcement system as closely linked to the criminal justice system, with little concern for their own economic needs or difficulties and a single-minded focus on collecting money. Most were aware of and angry that – under welfare program rules – little of the money they paid in support went to the custodial parent and children. Also, because of the location of the Parents' Fair Share sites, about 80 percent of the fathers in the program were African-American or Hispanic/Latino, and many believed they faced discrimination in the courts and the job market. Reinforcing their employment problems, most lived in neighborhoods where jobs were scarce. Consequently, they had to move out into the larger metropolitan area – where many felt they were viewed with hostility and suspicion. Many of the PFS fathers were attracted to the program

by its expressed goal of helping them find jobs that would pay enough to cover their living expenses and their child support. A report to be published in early 1999 will provide an in-depth look at these issues.

The demonstration's final report, also scheduled for 1999, will follow all men in the sample for two years and include a wider range of program outcomes, such as off-the-books employment, informal support for the children (not paid through the child support agency), and the relationships between the father, children, and custodial parent. With this future work, the researchers will assess PFS's success in achieving its broader goals of increasing parental involvement, and reducing parental and child poverty.

Call for New Efforts to Improve Programs

Though the report released today contains only interim findings, it still points to several implications for program design. Fred Doolittle stressed the importance of acting now on these early findings: "Many states are designing new programs for poor noncustodial parents, and we think the PFS results point to some clear lessons for program design." Among these are the need for a strong partnership of various local agencies (supported by early team-building efforts), close involvement of the local child support enforcement staff, a strong peer support component focused on parenting issues, and provision of a broad enough "menu" of employment and training services so that the needs of a varied group of fathers can be met.

The study's authors report that operation of Parents' Fair Share involved management challenges that went far beyond identifying agencies with experience providing the necessary services and seeking funding to support this effort. At the core of the challenge, the intended partners (child support, government-funded employment agencies, and community-based groups) began with different missions, standards for performance, procedures, and experience serving clients who faced a legal mandate to participate. Most important, child support agencies had a strong law enforcement orientation, while many of the organizations providing other PFS services typically worked with willing volunteers and initially saw child support as a punitive system. Thus, the need for early and continuing team-building efforts was clear.

Peer support services were generally well implemented and proved to be attractive to the fathers, providing a place for them to address personal issues related to work and parenting and a

means to send a strong message about the importance of parental responsibility. Implementation of skill-building education and training options was more difficult to keep in place over time and will require special attention in future programs. From the Parents' Fair Share experience, it appears crucial for programs to offer a broader range of employment services if they wish to couple child support effects with employment and earnings gains for the fathers.

About MDRC and the Demonstration Partners

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit, nonpartisan research organization with almost a quarter century's experience designing and evaluating social policy initiatives. MDRC coordinated the test of Parents' Fair Share, which involves a partnership of federal agencies (Health and Human Services, Agriculture, and Labor), the seven participating states and localities, and the Pew Charitable Trusts, the W. K. Kellogg Foundation, the Charles Stewart Mott Foundation, the Annie E. Casey Foundation, the Smith Richardson Foundation, the Ford Foundation, the McKnight Foundation, and the Northwest Area Foundation. The new report, titled *Building Opportunities, Enforcing Obligations: Implementation and Interim Impacts of Parents' Fair Share*, was written by Fred Doolittle, Virginia Knox, Cynthia Miller, and Sharon Rowser.

This report is based on research conducted for the Parents' Fair Share Demonstration, a national demonstration project that combines job training and placement, peer support groups, and other services with the goal of increasing the earnings and child support payments of unemployed noncustodial parents (usually fathers) of children on welfare, improving their parenting and communication skills, and providing an opportunity for them to participate more fully and effectively in the lives of their children.

Funders of the Parents' Fair Share Demonstration

U.S. Department of Health and Human Services	U.S. Department of Labor
The Pew Charitable Trusts	Smith Richardson Foundation
W. K. Kellogg Foundation	Ford Foundation
Charles Stewart Mott Foundation	The McKnight Foundation
U.S. Department of Agriculture	Northwest Area Foundation
The Annie E. Casey Foundation	

Dissemination of MDRC's work is also supported by MDRC's Public Policy Outreach Funders: the Ford Foundation, the Ambrose Monell Foundation, the Alcoa Foundation, and the James Irvine Foundation.

The findings and conclusions presented in this report do not necessarily represent the official positions or policies of the funders or the participating states. Interested readers may wish to contact the states for more information on the program. The sites and states in the Parents' Fair Share Demonstration are Los Angeles Parents' Fair Share Project, Los Angeles County (Los Angeles), California; Duval County Parents' Fair Share Project, Duval County (Jacksonville), Florida; MassJOBS Parents' Fair Share Project, Hampden County (Springfield), Massachusetts; Kent County Parents' Fair Share Project, Kent County (Grand Rapids), Michigan; Operation Fatherhood, Mercer County (Trenton), New Jersey; Options for Parental Training and Support (OPTS), Montgomery County (Dayton), Ohio; and Tennessee Parents' Fair Share Project, Shelby County (Memphis), Tennessee.

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Executive Summary

Over the past 25 years, policymakers have come to acknowledge the link between lack of child support and the pressing problem of child poverty for a broad range of American families. With over 20 million children under age 18 now living with only one parent or neither parent, there is an urgency to develop more effective methods for obtaining support from noncustodial parents. Much of the public concern about child support has focused on the noncustodial parents (usually fathers) of children receiving welfare, a group for whom earnings and support payments tend to be low. Interest in these families has also been heightened by recent changes in federally funded public assistance, which are gradually leading states to impose various time limits on aid. Since poor families will have to rely even more on nongovernment sources of income in the future, their stake in successful child support enforcement (CSE) has dramatically increased.

The noncustodial parents of children receiving welfare have largely been left out of the reform debate and programmatic initiatives, except as targets of increasing CSE efforts. Unfortunately for poor families, most of the recent CSE reforms have been more effective in increasing collections from noncustodial parents with relatively stable jobs and residence; many of the fathers of children receiving welfare do not fall within this group.

The Parents' Fair Share (PFS) Demonstration tests a new approach: in exchange for current and future cooperation with the child support system, a partnership of local organizations offered fathers services designed to help them (1) find more stable and better-paying jobs, (2) pay child support on a consistent basis, and (3) assume a fuller and more responsible parental role. Among the key services were peer support (focused on issues of responsible parenting), employment and training services, and an offer of voluntary mediation between the custodial and noncustodial parents. During the period in which parents participated in PFS services, the child support system gave them some "breathing room" and an incentive to invest in themselves by temporarily lowering their current obligation to pay support. CSE staff also closely monitored the status of PFS cases. When a parent found employment, CSE staff were to act quickly to raise the support order to an appropriate level (based on the state's child support payment guidelines), and if a parent ceased to cooperate with PFS program requirements, CSE staff were to act quickly to enforce the pre-PFS child support obligation. The demonstration is a test of the feasibility of implementing this new "bargain" and its effects on parents, children, and the child support system.

PFS rests on an unusual partnership of funders and program operators, including federal agencies, private foundations, states, localities, and nonprofit community-based organizations. Organized by the Manpower Demonstration Research Corporation, it began in 1992 with a pilot phase to refine the program model and test the feasibility of implementing it at the local level and, despite a variety of implementation issues, moved into a seven-site demonstration phase in 1994.¹

¹The last site to enter the demonstration was Los Angeles, where the random assignment process began later, in February 1995.

This report presents findings from the demonstration-phase implementation of the program, characteristics of the parents in the sample, and early impacts on two outcomes of interest (fathers' earnings and child support payments). These impact findings are only the first chapter in the PFS story because they rely solely on administrative records, cover only a part of the full PFS impact sample, provide only six quarters of follow-up, and do not cover several key goals of the program (for example, helping fathers become more effective and responsible parents). Further, an examination of PFS's effects on direct payments of support to the custodial parents and underground employment (which are not captured by administrative records) must await analysis of the follow-up surveys of parents. Nevertheless, available information (based on a shorter follow-up for the full sample) suggests that the findings presented here are likely to be similar to those for the full sample and provide a look at several key effects of the program.

Findings in Brief

- **Implementing PFS presented management challenges that went far beyond identifying agencies with experience in providing the program's services and seeking funding to support this effort.** At a minimum, the local partnership needed to include the CSE agency and the courts, employment and training service providers, and organizations with the capacity to provide peer support and mediation. At the core of the challenge, the intended partners began with different organizational missions and assumptions about their "clients," funding sources, administrative procedures, standards for rating their performance, and experience dealing with those facing a legal mandate to participate (as opposed to volunteers).
- **Some PFS services were easier to put in place than others.** In general, peer support, job club, extra case review at CSE offices to identify parents for PFS intake, and the offer of voluntary mediation were implemented across most sites. Implementation of "skill-building" education and training options and a quick follow-up when parents found employment or failed to comply with program requirements were more difficult to sustain over time. Further, because of difficulties in identifying potential PFS referrals from the child support caseload and getting them to appear for review hearings, five of the seven sites did not meet their enrollment targets, and, at times, program operations were hampered by this shortfall.
- **The majority of the noncustodial parents referred to PFS were living in poverty, or on the edge of poverty, with a recent history of moving from one low-wage job to another.** Thus, the challenge was to help these fathers find better jobs than they would otherwise have found or to secure more stable employment. This report is primarily based on a sample of 2,641 parents who were found to be eligible and appropriate for referral to PFS. Many faced substantial barriers to moving into better jobs in the mainstream labor market: nearly 50 percent lacked a high school diploma, and about 70 percent had been arrested for an offense unrelated to child support.

- **Slightly more than two-thirds of the noncustodial parents referred to PFS participated in at least one PFS activity.** The average participant was active for five months, with about one-half participating for one to three months and about one-quarter continuing to participate for four to six months. Participation was greatest in peer support and job search workshops. Virtually all those who failed to participate and did not have a long-term "excuse" recognized by the program were referred back to the child support agency for further enforcement.
- **Parents subject to the extra outreach and case review involved in PFS intake, prior to any referral to the PFS program, made more payments to the child support agency than those subject to traditional child support enforcement.** Among other effects, the extra outreach and case review uncovered previously unreported employment, allowing the child support agency to institute wage withholding. In three sites where a special study of the extra review was conducted, the increase in the proportion of parents paying any child support ranged from 6 to 15 percentage points, and average total child support payments per parent subject to the extra review increased by \$160 to \$200 over the six quarters of follow-up.
- **Separate from the effects of this extra outreach effort, a larger number of parents referred to the PFS services and mandates paid child support than would have paid in the absence of access to the program.** Across all seven sites combined, the number of parents who paid support during the follow-up quarters increased by about 4.5 to 7.5 percentage points. However, these impacts on child support were mainly the results of substantial impacts in three of the seven sites. In two of these three sites, the average support payment amount over the six quarters was statistically significant.
- **Unfortunately, these increases in child support came without a corresponding increase in fathers' employment and earnings.** No site produced increases in employment and earnings that were consistent and statistically significant during the 18 months of follow-up for this report.

In sum, PFS did lead to an increase in child support for a group sometimes viewed as unlikely to respond to enforcement efforts, but the search for effective means of increasing employment and earnings of low-income men continues. The final section of this summary offers suggestions for program designers and operators based on these PFS findings.

The Policy Context for PFS

PFS emerged out of three interrelated trends and a very concrete dilemma facing courts and child support administrators. PFS had its origins in welfare reform efforts that gradually shifted the balance of responsibility for supporting poor children away from the public sector and toward parents. One goal of a series of reforms, culminating in the passage of the Personal Responsibility and Work Opportunity Reconciliation Act in 1996, was to help custodial parents to

increase their earnings and to create and enforce legal obligations of support from more noncustodial parents, so that poor children would be supported by *both* parents.

Efforts to improve CSE were a second factor contributing to the development of PFS. Since the mid 1970s, federal lawmakers have imposed requirements on states to strengthen CSE, with the goals of helping low-income families stay off welfare and of recouping aid payments made. These efforts have largely focused on noncustodial parents with known income and assets and have been most effective for these cases. Although the CSE system has continued to evolve since the beginning of PFS, public assistance-related cases remain a frustration to CSE agencies and the courts in many jurisdictions at a time when reforms in welfare (especially time limits on receipt of aid) increase the stake that low-income families have in receiving support.

The deteriorating labor market situation of less-educated men also contributed to the emergence of PFS. Over the past 25 years, the inflation-adjusted earnings of men without a high school diploma have dropped substantially. With much of the focus of program development on the custodial parents of poor children, men on the fringes of the labor market — and especially younger men of color — have rarely been the target of employment program outreach. Further, few successful strategies have been developed for increasing their employment and earnings.

For child support administrators and the courts, the factors discussed above created a serious ongoing problem. When a noncustodial parent with little work history claimed he was unable to pay his child support because of unemployment, it was frequently difficult to determine the truth of his claim. In practice, courts and agency staff were left with two unsatisfactory options: threatening jail in an effort to coerce payment or sending the parent out on his own to look for work. While the first option was appropriate for those able but unwilling to pay, neither option was appropriate for those who were unable to support their children. Further, the agencies and courts often struggled to distinguish the unwilling from the unable.

The PFS Demonstration: Testing a New Option

The PFS Demonstration is a test of a third option: referring a specified group of noncustodial parents to a program of employment and other services where participation is mandatory and would be carefully monitored. Parents eligible for PFS (1) were not living with their children who were receiving or had received AFDC; (2) were behind in their child support payments; and (3) had no reported employment or were underemployed or working in a low-paying temporary job. If a parent who was working had not reported the fact to the child support agency, the participation mandate would uncover it because he could not work and participate in program services simultaneously. For those without employment and assets, PFS provided a way to couple enhanced opportunity with a steady message of parental responsibility.

The demonstration's three goals presented special challenges:

- **Increasing the employment and earnings of low-income noncustodial parents of children receiving welfare:** PFS faced a different challenge than programs serving custodial parents (usually women) receiving welfare, many of whom had little formal work history. Impacts in these programs were achieved

by getting more women into jobs or getting women who would have worked into jobs faster. In contrast, the great majority of PFS fathers had worked (though usually spottily and in low-wage jobs). Increases in the proportion working at all were harder to achieve, and program services and mandates focused on job retention and wage levels, as well as overall employment rates.

- **Increasing child support payments:** Many other studies have shown that the frequency and amount of child support payments are related to noncustodial parents' income; hence the goal of increased earnings is linked to the goal of greater child support. However, fathers' attitudes toward their parental responsibilities, the custodial parent, and the child support system (which, under most states' rules, does not pass payments on to families receiving welfare) also influence the payment of support. PFS sought to affect all of these things. It was also implemented as the CSE system was gradually evolving with the development of new methods to track employment and earnings and changes in rules on adjustments of orders, so that the "enhancements" to child support involved in PFS came on top of a changing base of standard enforcement.
- **Supporting and improving parenting behavior:** Noncustodial parents can help their children in a variety of ways beyond financial support, and PFS sought to help them become more involved as responsible parents, a personal goal of many of the fathers. But lack of money and at times contentious relations with the custodial parent had hampered many fathers' efforts to play this role. Supporting the importance of the effort was other research indicating that increased parental involvement may also contribute to greater payment of support, suggesting that the goals of the demonstration are interrelated.

The PFS intake process was an important part of the demonstration. In most cases, noncustodial parents were referred to PFS during court hearings or appointments scheduled by CSE staff in response to the parents' failure to make court-ordered support payments. Several of the sites put in place new procedures to identify parents who appeared to be eligible for PFS (whose child support cases would typically have low enforcement priority) and scheduled special hearings or appointments to review their reasons for nonpayment. Parents who cited unemployment as the reason for their nonsupport were ordered to attend PFS activities until they found a job and began paying support. In some sites, parents just establishing paternity were also referred to PFS when they had no means to meet child support obligations.

Program services were built around four core components, listed in Table 1. In general, parents began their participation with *peer support*, which was structured around the Responsible Fatherhood curriculum and run by a trained facilitator. The peer support sessions (which typically met a minimum of two to three times per week for a set number of weeks) covered a wide range of topics including self-evaluation, parental roles and responsibilities, relationships, managing anger and communications, problems on the job, coping with racism, and life skills. Some sites offered other services concurrently with peer support, to allow fathers to participate in *employment-related activities* because of their need for income. (Most did not receive public assistance, despite their low income levels.) In general, services that focused on helping parents

Table 1
Parents' Fair Share

**Core Components of the PFS
Program Model**

- **Peer support.** MDRC's background research and the pilot phase experience suggested that employment and training services alone would not lead to changed attitudes and regular child support payment patterns for all participants. Education, support, and recognition could be needed as well. Thus, demonstration programs were expected to provide regular support groups for participants. The purpose of this component is to inform participants about their rights and obligations as noncustodial parents, to encourage positive parental behavior and sexual responsibility, to strengthen participants' commitment to work, and to enhance participants' life skills. The component is built around a curriculum, known as Responsible Fatherhood, that was supplied by MDRC. The groups also could have included recreational activities, "mentoring" arrangements using successful PFS graduates, or planned parent-child activities.
 - **Employment and training.** The goal of these activities is to help participants secure long-term, stable employment at a wage level that would allow them to support themselves and their children. Sites were strongly encouraged to offer a variety of services, including job search assistance and opportunities for education and skills training. In addition, since it is important to engage participants in income-producing activities quickly to establish the practice of paying child support, sites were encouraged to offer opportunities for on-the-job training, paid work experience, and other activities that mix skills training or education with part-time employment.
 - **Enhanced child support enforcement.** One objective of PFS is to increase support payments made on behalf of children living in single-parent welfare households. Although a legal and administrative structure already exists to establish and enforce child support obligations, demonstration sites were asked to develop new procedures, services, and incentives in this area. These included steps to expedite the modification of child support awards and/or flexible rules that allowed child support orders to be reduced while noncustodial parents participated in PFS and special monitoring of the status of PFS cases.
 - **Mediation.** Often disagreements between custodial and noncustodial parents about visitation, household expenditures, lifestyles, child care, and school arrangements — and the roles and actions of other adults in their children's lives — influence child support payment patterns. Thus, demonstration sites had to provide opportunities for parents to mediate their differences using services modeled on those now provided through many family courts in divorce cases.
-

quickly find work (employment-readiness workshops, job search assistance, and job clubs) emerged as the most common employment-related services, though sites also offered basic education, classroom occupational training, and on-the-job training as options.

Enhanced child support enforcement consisted of reductions in existing orders (often originally set when the parent had been employed) during PFS participation, close monitoring of parents' program and job-seeking activities, and immediate modification of support orders when they found employment or failed to comply with PFS requirements. These changes were consistent with efforts under way at the time to link a parent's child support obligation with his current income; the PFS sites were asked to pursue this objective vigorously. In the first year of the demonstration, case management also emerged as an important part of PFS, and staff in this role identified barriers to employment, developed service plans to address them, tracked participation in PFS services, and informed the child support agency of noncomplying or employed parents. Parents referred back to the agency were then typically subject to traditional CSE.

Formal mediation services were also offered by PFS or outside agencies, and many staff members also served as informed mediators between parents.

Implementation of PFS relied on two important partnerships: a funding partnership and a site operations partnership. Table 2 lists the nonsite funding partners for the demonstration. PFS was authorized by a provision in the Family Support Act of 1988 that permitted use of federal welfare-employment funds (normally restricted to custodial parents) to fund a demonstration of services for the unemployed noncustodial parents of children receiving welfare. In order to access this special federal funding and expanded child support funding, demonstration sites had to provide a state match of cash or in-kind support. Other government and nongovernment organizations also supported the demonstration. Table 3 shows the lead state agency in each site (which took the lead in organizing the original demonstration proposal), the lead local agency (which coordinated program operations), and the agency that housed crucial core services such as peer support and case management (designated the "program home" in the table). Because PFS required diverse kinds of expertise, sites developed local operating partnerships that included child support agencies, the local Job Training Partnership Act (JTPA) agency, and a mixture of community-based organizations.

This report focuses on (1) the nature of PFS services put in place in the sites and the implementation challenges and lessons that emerged from the demonstration, (2) the PFS intake experience and the characteristics of the parents participating in the demonstration, and (3) the early impact of PFS intake and access to services on employment, earnings, and child support payments as measured through administrative records.

The accompanying reports from the demonstration focus on lessons from the PFS intake process for CSE (*Working with Low-Income Cases: Lessons for the Child Support Enforcement System from Parents' Fair Share*) and on the lives and attitudes of a sample of parents participating in the program. Future research will continue the impact analysis in this report with longer follow-up using administrative records and will supplement it with survey data to broaden understanding of the initial impact topics (especially effects on underground employment and support

Table 2
Parents' Fair Share

PFS Demonstration Nonsite Funding Partners

States	Federal Agencies	Foundations
California	U.S. Department of Health and Human Services	The Pew Charitable Trusts
Florida	U.S. Department of Agriculture	W. K. Kellogg Foundation
Massachusetts	U.S. Department of Labor	Charles Stewart Mott Foundation
Michigan		The Annie E. Casey Foundation
New Jersey		Smith Richardson Foundation
Ohio		Ford Foundation
Tennessee		McKnight Foundation
		Northwest Area Foundation

**Table 3
Parents' Fair Share**

**Agencies Playing Key Roles in Implementing PFS
By Site**

County	Lead State Agency	Lead Local Agency	Program Home
Dayton	Department of Human Services	Montgomery County Department of Human Services	Goodwill Industries of Miami Valley
Grand Rapids	Department of Social Services	Kent County Friend of the Court	Hope Network
Jacksonville	Department of Labor and Employment Security	Florida Department of Labor and Employment Security, Region III	DLES, Region III
Los Angeles	Employment Development Department	Los Angeles District Attorney's Office, Bureau of Family Support Operations	Los Angeles Department of Community and Senior Services
Memphis	Department of Human Services	Bridges, Inc. ^a	Bridges, Inc.
Springfield	Department of Transitional Assistance ^b	Spectra Management Services Corporation ^c	Spectra Management Services Corporation
Trenton	Department of Human Services	Union Industrial Home for Children	Union Industrial Home for Children

NOTES: ^aFormerly known as Youth Service USA.

^bFormerly known as Massachusetts Department of Public Welfare.

^cFormerly known as Springfield Employment Resource Center, Inc..

provided directly to the custodial parent or child) and will allow analysis of impacts on family relationships.

The remaining sections of this summary present findings on the challenges involved in the PFS partnerships; PFS intake; the characteristics of parents referred to the program; the implementation of PFS services and mandates; participation in PFS services; the early impacts of PFS on child support payments, employment, and earnings; and suggestions for program design.

Key Challenges in Developing and Sustaining the PFS Partnership

PFS called for a shift from a focus on the short term (when noncustodial parents' child support payments and potential to pay were minimal) to a longer-term perspective of investing in building the capacity of poor, unemployed noncustodial fathers to assume parental roles. This fundamental change in perspective presented a number of implementation challenges that went far beyond assembling the state and local partnerships called for under the demonstration.

- **To successfully implement PFS, the local partners had to change their standard operating procedures in ways that often conflicted with pre-existing agency priorities and were therefore difficult to sustain.**

At the core of PFS was a commitment by local child support agencies to focus enforcement attention on cases that they typically treated as low priority: low-income, unemployed fathers. Traditionally, enforcement efforts devoted to these cases were seen as unlikely to yield much in support collections, the primary goal of child support agencies. The demonstration also called on child support agencies to broaden their service mission, which typically was focused on serving the financial interests of custodial parents, children, and taxpayers, to include aiding non-custodial parents who were unable to meet their obligations.

PFS called on employment and training agencies funded under JTPA to work with very disadvantaged men who were ordered to participate by the courts (or, in limited cases, the child support agencies). Most of JTPA's prior participants had been either volunteers who wanted to devote time to building their skills or mandatory referrals from public assistance programs who had an income source during participation in the program. PFS referrals may have been interested in building their skills, but their lack of income created great pressures for them to find a job quickly. Further, the PFS program model called on JTPA agencies to provide many parents with on-the-job training placements, in which participants were placed in a wage-paying job and received training in an occupational skill while the employer received a wage subsidy to cover the training costs. Unfortunately for PFS, the JTPA system sharply curtailed its offering of on-the-job training just as PFS got under way, and the program was continually frustrated in its efforts to expand this program component. Finally, many PFS participants were difficult to place in jobs because of weak work histories, poor education, criminal records, or drug or alcohol problems, and JTPA agencies — which saw the local business community as a continuing customer — were hesitant to push these fathers on employers for fear of spoiling a long-term relationship vital for their continued success.

Many community-based service organizations involved in PFS had a strong organizational commitment to serving clients like the parents in PFS, but had little experience and some concerns about partnering with the child support agency. The PFS parents often saw the CSE system as stacked against them, with legal powers that made it feel like part of the criminal justice system and a mission to serve the taxpayers (by recouping welfare payments) rather than increasing parental support of poor children (who under federal welfare rules received little of the support payment). Reflecting these concerns, the community-based service agencies often were uneasy about monitoring and enforcing legal obligations and referring noncooperating fathers back to the child support agency for further enforcement actions, including the possibility of jail. Despite this, over the course of the demonstration, community-based organizations assumed increasing responsibility for PFS services in several sites.

All of these roles represented major shifts for the participating agencies. In many sites, tensions between PFS procedures and normal practices and between agencies emerged during the implementation of the program, at times causing lack of coordination in services. Thus, operating the program required a level of sustained attention from program managers as well as a commitment to interagency cooperation that could motivate agencies to work through the variety of issues which emerged.

Identifying and Referring Eligible Parents to PFS

- **Although staff in the seven participating sites identified over 5,500 parents who were eligible and appropriate for PFS services, this was substantially less than original targets, and the shortfall had programmatic implications.**

At the start of the demonstration phase, sites and MDRC staff developed estimates of demonstration-phase samples, based on the available information about the number and status of welfare-related child support cases with arrearages. Only two of the seven sites (Los Angeles and Grand Rapids) were able to meet or closely approach their enrollment targets.

Meeting enrollment targets was more difficult than it had been in the pilot phase, for at least three reasons. First, targets were set higher because the demonstration relied on a random assignment design to estimate program impacts. This involved randomly assigning one-half of the recruited sample to a control group, which served as a benchmark representing the experiences and behavior of parents without the PFS option. Consequently, sites had to double their efforts to get an equal number of enrollees into program services. Second, the economy improved over the course of the demonstration, so that a higher percentage of those who appeared for a review were employed and, thus, ineligible for PFS. Third, it may be that during the pilot phase some sites had "cleaned out" from the caseload the most easily located PFS-eligible group. Despite these pressures on the intake process, the basis characteristics of the sample, discussed in more detail below, showed little measured change from the pilot.

The problem of lower-than-expected enrollment in PFS services did affect PFS negatively, by altering the services provided, making it more difficult for sites to maintain steady

funding streams (since much funding was linked to sample buildup), and drawing management attention away from other implementation issues. Peer support and job club were probably most affected programmatically, since both were designed to serve groups of at least five participants. Some sites allowed parents to join ongoing groups, which lessened their cohesiveness, while others operated groups of fewer than five participants. The focus on the problem of enrollment prevented the kind of forward-thinking management style that could have helped sites meet the variety of other implementation challenges PFS posed.

- **Most sites instituted extra outreach and case review practices as part of the demonstration, and this effort produced important information about the status of welfare-related child support cases.**

In an effort to meet sample targets, sites used a variety of methods to identify potential PFS referrals. Two sites relied primarily on reviewing the regular court dockets for child support cases likely to meet PFS eligibility rules. However, the remaining sites all employed extra outreach efforts to increase the flow of PFS referrals, including conducting reviews of child support cases on the existing caseload, reviewing other lists (such as new referrals of cases from the welfare agency, listings of noncustodial parents about to exhaust unemployment insurance benefits, and Medicaid-supported births in local hospitals), and streamlining the hearing process to review the status of large numbers of noncustodial parents. These efforts appear to have made the greatest difference in Los Angeles, Dayton, and Grand Rapids.

The process of extra outreach to review child support cases produced new information for many of the PFS sites. Some parents could not be located; others contacted the child support agency or the courts and provided information on previously unreported employment. Still others provided information justifying a change in their current support obligation: they were either living with the children for whom support was owed, in ill-health or disabled and unable to work, or incarcerated and unable to work for pay and provide support. A later section of this summary reviews the impacts of the extra outreach and case review on noncustodial parents' employment and child support payments.

Characteristics of Parents Referred to PFS

- **Although the fathers were diverse in terms of race, age, and living arrangements, overall they were a disadvantaged group, and the majority lived in poverty, or on the edge of poverty, with little access to public assistance.**

The parents found appropriate for PFS were overwhelmingly male (98 percent) with an average age of 30. About 80 percent of the overall sample were black or Hispanic, but there was great variation among the sites in the racial/ethnic distribution of parents. In Memphis and Trenton, for example, parents were largely black, while in Los Angeles and Springfield they were largely Hispanic. Slightly over 60 percent of the overall sample had never been married, about 50 percent had lived with their own father when they were age 14, and nearly 70 percent had been arrested on a charge unrelated to child support since age 16. Nearly 50 percent of the sample had

no educational credential, and about 80 percent had not participated in any education or training program in the year prior to being referred to PFS.

Most were unemployed at referral to PFS (though 17 percent were admitted into the program because of underemployment or very unstable employment), and their recent employment history revealed a tenuous connection to mainstream jobs and very low recent wages. Administrative records on earnings show that 43 percent of the sample had earned a total of \$500 or less in the three quarters prior to their entry into the PFS sample, and only 28 percent had earnings exceeding \$3,500 in this nine-month period. Despite these low earnings, only 29 percent of the fathers lived in a household that received Food Stamps, and few were receiving AFDC or other cash assistance. This low level of earnings was reflected in low rates of child support payments; slightly more than 20 percent had paid any child support through the child support agency in the quarter prior to their referral to PFS.

- **Within the PFS sample there were fathers for whom finding and keeping a job would be an important advance and others for whom the goal was better-paying and more stable employment.**

Within the sample, there was a group with continued connection to the job market, albeit a series of relatively short-term and low-paying jobs. For these fathers, the challenge was to help them build their skills to command better pay or expand their access to the kinds of jobs they would otherwise not obtain. But there was also a group for whom any stable job would be an improvement. They tended to be very disadvantaged fathers, who faced serious barriers to employment.

- **Many noncustodial parents initially expressed skepticism about the goals and services of PFS, based on their perception that the child support system was "stacked against them," which program staff had to overcome to engage the parents in the program.**

Parents referred to the program often reported that their prior experience with the child support system left them feeling that it was fundamentally unfair. Concerns raised included a sense of inequity that (1) payments made by noncustodial parents were largely used to reimburse taxpayers for public assistance expenses rather than passed on to their children; (2) custodial parents had the option of public assistance, when noncustodial parents could be living in similar poverty but face an obligation to pay support; and (3) enforcement was often erratic, with the system interested in them only when they had a job and child support could be withheld from their wages. With their negative histories with the child support system, these parents were at best cautiously interested in the opportunity PFS offered. At the same time, given the eligibility criteria for referral to the program, most of the parents could use the help of an effective program.

Implementation of PFS Services and Mandates

- **Peer support was the most consistently well-run component during the demonstration and generally was viewed as the central PFS activity, providing a focal point for participants.**

Peer support was more straightforward to operate than employment and training and enhanced child support, which required substantial cooperation across agencies. A single agency typically operated the component, which was the initial activity for most participants after a PFS orientation. Special skills were needed to facilitate the peer support sessions effectively, and the job was intense; to be effective, staff had to make a serious commitment to the fathers. Facilitators usually had prior experience in a similar role, attended training on the PFS peer support curriculum and facilitation techniques, and followed the curriculum fairly closely. It covered 18 topics, and groups generally met a minimum of two or three times per week for a set number of weeks to cover all the topics. At times, the shortfall in sample buildup led some sites to move new PFS referrals immediately into peer support (an open-entry policy) rather than wait for sufficient numbers to begin a new group, and some groups became much smaller than intended.

Peer support was generally well received by the noncustodial parents, providing them an opportunity to relate to a peer group in constructive ways, discuss troubling personal problems, develop new problem-solving skills, and have access to an advocate (the facilitator) who believed in their potential. Two sites stand out for their approaches to peer support. In Dayton, facilitators developed creative new ways to encourage parents to become involved with their children — for example, having parents do activities with their children and report back to the group and holding special events involving participants' families. In both Dayton and Jacksonville, staff made an effort to develop specialized peer support groups; most notably, Jacksonville instituted a mental health-oriented group, facilitated by a psychologist, for parents who could benefit from a more therapeutic orientation.

- **Most sites relied heavily on job search workshops and job club, running these activities and peer support simultaneously because of parents' strong desire to find work quickly.**

The design of PFS assumed that for the program to have a substantial impact on parents' employment and earnings, sites would have to offer an array of short-term skills training and on-the-job training to help participants obtain higher-paying or longer-lasting jobs and job clubs that would help people find employment. In practice, there was a conflict between the program's interest in encouraging noncustodial parents to take the time to invest in skill-building activities and the realization that they could not afford to be out of the labor market for an extended period. In most sites, these pressures led to an emphasis on getting parents into jobs quickly.

Basic job search assistance was usually provided through one-to-two-week job search workshops (which taught skills such as résumé writing, interviewing, and search techniques), as well as continuing job club activities that provided participants with ongoing support from PFS staff and their peers as they searched for work by identifying and following up on leads. Implementation of these group job search workshops went generally as planned in most sites, and continuing follow-up of individual job search efforts improved over the course of the demonstration.

- **Two sites that emphasized the goal of getting participants better jobs than they could find on their own made job developers an integral part of their program.**

Job developers supplement participants' efforts to find work by identifying and pursuing job leads on their behalf. Springfield and Grand Rapids relied more on job developers than other sites, with these staff members often involved also in developing on-the-job training opportunities. A fundamental constraint on the broader use of job developers was apparent: they often faced conflicting incentives because they valued maintaining good relationships with employers and saw the disadvantaged PFS participants as "risky" to refer for openings.

- **Skill-building services, particularly classroom training and on-the-job training, proved to be the PFS activity most difficult to implement.**

From the beginning of the demonstration, institutional barriers and differences in practice and procedure made it difficult to provide the full menu of employment services intended for each site. PFS developed arrangements for program slots with local employment and training agencies, which were funded by PFS site grants, JTPA, or some combination of both.

The most flexibility occurred when PFS funded slots for program participants, allowing agencies to develop new program models for these quite disadvantaged men outside the procedures of existing programs. When funds were provided by JTPA, the service providers had to balance many competing priorities. They faced new federal mandates to target services to those with serious and multiple barriers to employment, as was common among this group of disadvantaged men. But at the same time, the agencies expressed concerns that the low employability of the PFS parents could put relations with employers at risk, the pressures they faced to serve many different groups prevented them from committing a specific number of slots to PFS participants, and changes in JTPA on-the-job training rules made this service less attractive to employers. Because of these difficulties, over the course of the demonstration several sites shifted away from JTPA agencies as lead employment service providers to community-based organizations.

- **Three sites (Los Angeles, Grand Rapids, and Springfield) were most successful in putting on-the-job training and classroom training in place, and these sites shared some characteristics.**

Active leadership that focused on increasing the number of skill-building activities was important in these three sites. In Los Angeles, the state Employment Development Department played an important part in successfully integrating the local JTPA program and its service providers into PFS, and this site generated higher-than-average participation in classroom training. Beyond this leadership commitment, the attitudes of program staff were also an important factor affecting service offerings. Across the PFS sites, staff varied considerably in their assumptions about the employability of PFS participants, which appeared to affect parents' enrollment in services and the willingness of job developers to market them to employers. Both Springfield and Grand Rapids contracted with agencies experienced in serving very disadvantaged populations with severe barriers to employment; and probably because the staff of these organizations — in contrast to staff in some other PFS sites — did not see the barriers as insurmountable, these two sites produced the highest number of on-the-job training placements.

- **Although formal mediation services were offered in every site, most programs did not aggressively market them. There was not a strong interest among either noncustodial or custodial parents in utilizing formal mediation, and many fathers preferred to rely on the informal efforts of known program staff.**

Background research during the planning phase of PFS suggested that there were many issues between the custodial and noncustodial parents which could potentially create barriers to fathers' playing a fuller parental role and providing greater financial and other support to their children. Mediation was included as an optional service within PFS to support efforts of parents to address and resolve these issues. Each site's partnership included trained family mediators, and program staff informed fathers of the availability of this service. Formal mediation remained little utilized in most sites throughout the demonstration. Program staff reported that few fathers were seriously interested in pursuing this option and, even when they were interested, the mothers might not be. Further, PFS staff generally were more focused on other aspects of the program and did not place as high a priority on encouraging participation in this component as on the mandatory services such as peer support and employment services. Furthermore, many of the PFS staff (who were often trained mediators) performed an informal mediation function, working with the parents to try to resolve issues. Experience suggests that fathers may have been more willing to take problems to a person they already knew, and these staff members were able to serve as an informal go-between for the parents.

- **All sites made the PFS participation mandate real by referring parents who did not comply back to the CSE agency for traditional enforcement measures, but sites used this option in different ways.**

Each PFS site developed procedures to track parents' participation in program services (often relying on the management information system developed for the demonstration), and when parents failed to meet program requirements, staff followed up to determine if there was an acceptable reason for nonparticipation. If none existed or if the enrollees did not respond to their communications, sites referred them back to the child support agency for traditional enforcement measures, which usually amounted to a notice to appear at a hearing on the status of the case. Sites were consistent in taking this action (though some were quicker than others to do so), and virtually all (92 percent) parents who never participated in any PFS activity and lacked a recognized long-term excuse were referred back to the agency for traditional enforcement. For some sites, this referral reflected the end of efforts to encourage participation, in effect a statement that the parents were no longer in PFS. For other sites, referral back to the CSE agency was one of many tools used to secure compliance with program requirements, and fathers could and did return to participate in PFS requirements. Those referred back typically faced traditional enforcement actions such as a hearing before a court or referee.

- **Sites in which the child support agency played a leading role in PFS showed flexibility in developing new approaches to monitoring the status of cases and encouraging participation in program services.**

Because of the differing perspectives of the local agencies involved in PFS, agencies could choose to focus on their part of the program and not seriously engage in the difficult task of coordinating activities. However, in sites in which the child support agency played a leading role, staff were well positioned to work as a problem-solving team, with the child support agency driving the effort. The child support agencies had the most direct financial interest among the partners in developing an effective means to monitor and enforce participation requirements and increase support payments. In Los Angeles and Grand Rapids, staff worked together to hold regular "case conference" meetings to discuss participation problems of particular parents and develop plans on how to respond. Further, in these two agencies (plus two others as well) specific child support workers were assigned to handle all PFS cases, providing staff members who understood the program and the importance of an immediate response when parents found work or failed to comply with program requirements.

Participation in PFS Services

The follow-up for this report extends for 18 months after a parent was referred to PFS by a court or child support agency.

- **On average, 70 percent of those parents referred to PFS participated in at least one PFS activity. However, there was substantial variation by site related to differences in intake methods, service offerings, and the way in which referral back to traditional CSE was used.**

Participation rates ranged from 82 percent in Los Angeles to under 60 percent in Dayton and Memphis. Rates appear to be higher when (1) the intake process produced parents who were motivated to participate in the program (especially important in Los Angeles); (2) labor market opportunities for those referred to PFS were weaker (either because of higher unemployment or because participants had many barriers to employment); (3) PFS activities started immediately after a parent was referred to the program; (4) the PFS staff members' monitoring and responding to participation problems was colocated with peer support, the initial component; and (5) referral back to child support was used as a technique to encourage participation rather than indicating an end to PFS involvement. Participation did not differ substantially among subgroups defined by recent earnings, prior arrest status, ethnicity, or age. The low levels of participation in employment and other services just prior to referral to PFS and the absence of peer support outside PFS suggest that PFS participation rates represent a substantial increase over the level of service that would have occurred in the absence of the program.

- **Participation was highest in peer support and job club, though four sites did engage a substantial percentage of parents in skill-building activities.**

As is common in many multicomponent programs, participation was highest in the activities at the beginning of a service sequence. Sixty-four percent of parents referred to PFS participated in peer support, and 57 percent were active in a job club or workshop. Peer support was the most commonly used activity in all seven sites combined, while job club was the second most common in six of the seven sites. Nevertheless, clear differences in service emphasis

emerged. Overall, only 8 percent of the parents participated in classroom occupational skills training, 12 percent in basic education, and 12 percent in on-the-job training; but in Grand Rapids and Springfield, approximately 25 percent participated in on-the-job training; in Memphis almost 50 percent participated in basic education; and in Los Angeles about 29 percent participated in classroom occupational skills training. Again, there were no substantial differences in participation among the key subgroups listed above.

- **Participation in PFS was shorter and less intense than originally intended.**

The shift from an emphasis on skill-building activities to immediate job placement resulted in a decline in the expected average length of program participation. Services such as on-the-job training and classroom occupation skills training were expected to last several months, while job-readiness workshops and job clubs were relatively short term. Parents who participated in PFS were active in some service for an average of approximately five months of the 18-month follow-up period, though about one-quarter were active for more than six months during follow-up. Parents attended an average of nine sessions during the months they participated in program services. Site variation on measures of length and intensity of participation were small, but parents in Los Angeles participated for more months (7.2 months) than parents in other sites, and a higher proportion of them were active in 12 months or more (17 percent).

Early Impacts of PFS on Child Support, Employment, and Earnings

Samples and Approach Used in Calculating Impacts

Two samples were used in the impact analysis presented in this report. The first sample consisted of 6,884 parents randomly drawn from the child support caseload in three sites (Dayton, Grand Rapids, and Memphis) because they appeared to fit within the PFS eligibility rules (linked to children receiving welfare, not currently paying support, and having no known employment). Two-thirds of these cases were randomly assigned to a group subject to an extra outreach and case review process to determine their status and appropriateness for PFS. The remaining one-third of these cases were subject to the standard CSE in the site. This process allowed for a comparison of the effects of the extra outreach and case review involved in PFS intake.

The second sample consisted of noncustodial parents who appeared at a hearing or other review of their child support status and met the eligibility rules for PFS. Half of these parents were randomly assigned to be referred to PFS services and subject to the program's mandates (labeled the "program group"), and the remaining half were subject to the standard enforcement procedures (labeled the "control group"). In many cases, control group members faced an order to seek work on their own and report employment to the support agency, though in some sites these parents faced the prospect of an order to pay a specified amount of support immediately to avoid serving time in jail. The effects of referral to PFS versus the traditional enforcement faced by the control group can be estimated by comparing the outcomes over time for both groups. The sample analyzed for this report consists of parents randomly assigned through June 1995 for whom six quarters of follow-up data are available; they constitute about half of all parents randomly assigned during the demonstration.

For both samples, employment, earnings, and child support payments were analyzed for each individual in the quarter during which that person was randomly assigned (labeled the "quarter of random assignment") and for six additional quarters of follow-up. Impacts findings are reported by quarter *relative to the point of random assignment*.

The administrative data used in this analysis come from CSE agencies in the PFS sites and from employer reports of earnings to state unemployment insurance systems. Each data source misses some aspects of parental behavior: the child support data do not include payments made directly by the noncustodial parent to the custodial parent and child, and the unemployment insurance system does not cover about 3 percent of wage and salary workers whose jobs are not included and those doing odd jobs or working in the underground economy. Until survey findings are available later in the PFS research, it is not possible to determine whether the observed impacts on child support payments represent a real increase or a shift of activity to a type covered by the administrative data. For example, increased payments of child support to the CSE agency could represent an increase in total support paid *or* a shift from informal payments to the custodial parent or child to formal payments to the CSE agency. Later research in PFS will explore these issues.

Impacts on Child Support Payments

- **The PFS intake process produced a significant increase in child support payments to the CSE agency even before any referral to PFS services and coverage by its mandates.**

Two kinds of information support this conclusion. First, as mentioned above, in three sites (Dayton, Grand Rapids, and Memphis) a special study of PFS intake isolated the effect of the extra outreach and case review involved in PFS intake *prior to any referral to PFS*. For the three sites combined, the PFS intake process produced statistically significant increases in both the percentage paying support to the child support agency and the average total child support payment, as shown in Table 4. These increases occurred in the quarter in which the PFS intake process began and in each of the six quarters of follow-up. For example, in quarter 0 (when random assignment occurred) 21.8 percent of those subject to extra outreach and case review paid some child support compared with 18.0 percent of standard group members, for an impact of 3.8 percentage points. Similarly, in the quarter of random assignment child support payments averaged \$98 per parent subject to extra outreach and case review compared with \$83 per standard group member. (In this table and subsequent tables on impacts, average figures for child support payments per parent include zero payments for parents who did not pay any support. The average amount for parents who pay is substantially higher than these average payments per parent.) In part, the increase in child support payments occurred because the extra outreach and case review led parents to inform the child support agency of previously unreported employment.

As shown in Table 5, each of the three sites experienced a statistically significant increase in the percentage of parents paying child support (present in every post-random assignment quarter) and in the average total amount of child support paid in quarters 1 through 6 of follow-up. For example, in Dayton in quarter 2 of follow-up, 39.6 percent of the extra outreach and case review group paid some child support compared with 31.1 percent of the standard group, for an

Table 4
Parents' Fair Share
Impacts on Child Support Payments
for Three Sites Combined

Outcome	Extra Outreach and Case Review Group	Standard Group	Impact
Paid child support (%)			
Prior quarter 1 ^a	19.1	19.1	0.0
Quarter 0 ^b	21.8	18.0	3.8 ***
Quarter 1	27.7	20.1	7.6 ***
Quarter 2	30.7	23.6	7.1 ***
Quarter 3	32.7	26.0	6.7 ***
Quarter 4	31.9	26.4	5.6 ***
Quarter 5	30.7	25.4	5.3 ***
Quarter 6	31.8	26.6	5.2 ***
Quarters 1-6	54.9	47.2	7.7 ***
Amount of child support paid (\$)			
Prior quarter 1 ^a	87	87	0
Quarter 0 ^b	98	83	15 **
Quarter 1	130	100	30 ***
Quarter 2	165	133	32 ***
Quarter 3	202	175	27 **
Quarter 4	204	180	24 *
Quarter 5	187	154	33 ***
Quarter 6	202	175	27 **
Quarters 1-6	1,090	917	173 ***
Sample size (total =6,844)	4,416	2,428	

SOURCE: MDRC calculations from child support enforcement (CSE) payment records.

NOTES: A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The sample used for this analysis excludes the members of the program group who were given a weight of 0.

^a Prior quarter 1 refers to the quarter before random assignment.

^b Quarter of random assignment.

**Table 5
Parents' Fair Share**

**Impacts of Enhanced Outreach and Case Review on Child Support Payments,
by Site**

Outcome	Dayton			Grand Rapids			Memphis		
	Extra Outreach and Case Review Group	Standard Group	Impact	Extra Outreach and Case Review Group	Standard Group	Impact	Extra Outreach and Case Review Group	Standard Group	Impact
Paid some child support (%)									
Prior quarter 1 ^a	31.2	31.2	0.0	21.3	21.3	0.0	4.1	4.1	0.0
Quarter 0 ^b	29.1	29.5	-0.3	22.8	17.5	5.4 ***	13.3	7.1	6.2 ***
Quarter 1	31.5	27.7	3.9 **	31.3	24.0	7.2 ***	20.1	7.8	12.3 ***
Quarter 2	39.6	31.1	8.5 ***	34.3	29.9	4.4 **	17.9	8.8	9.1 ***
Quarter 3	40.4	33.3	7.1 ***	38.4	33.6	4.8 **	18.9	10.0	9.0 ***
Quarter 4	39.1	33.6	5.5 ***	37.2	33.3	3.9 **	19.2	11.5	7.7 ***
Quarter 5	38.1	32.2	5.9 ***	36.4	31.9	4.5 **	17.1	11.3	5.8 ***
Quarter 6	39.7	32.4	7.3 ***	39.9	35.3	4.6 **	15.3	11.3	4.0 ***
Quarters 1-6	63.1	57.1	6.0 ***	65.9	62.7	3.1	34.9	20.0	14.8 ***
Amount of child support paid (\$)									
Prior quarter 1 ^a	151	151	0	91	91	0	18	18	0
Quarter 0 ^b	158	147	11	95	78	18	41	25	16 ***
Quarter 1	165	164	1	153	106	47 ***	71	29	42 ***
Quarter 2	229	191	38 *	191	166	25	76	36	40 ***
Quarter 3	274	252	22	251	221	30	78	46	32 ***
Quarter 4	290	248	42	246	233	13	74	53	21 **
Quarter 5	268	209	59 **	223	196	27	67	52	15
Quarter 6	279	242	37	262	227	35	61	51	10
Quarters 1-6	1,506	1,307	200 **	1,325	1,148	177 **	427	266	160 ***
Sample size (total =6,884)	1,432	792		1,519	874		1,465	762	

SOURCE: MDRC calculations from child support enforcement (CSE) payment records.

NOTES: A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The sample used for this analysis excludes the members of the program group who were given a weight of 0.

These estimates do not include the impacts of referral to PFS services.

^a Prior quarter 1 refers to the quarter before random assignment.

^b Quarter of random assignment.

impact of 8.5 percentage points. Similarly, Dayton parents in the extra outreach and case review group paid an average of \$1,506 in child support over the follow-up period, while those in the standard group paid an average of \$1,307, for an impact of \$200.

The behavior of the control group in the analysis of the effects of referral to PFS, conducted in all seven demonstration sites, also supports the impact findings. In the quarters prior to that in which they appeared for a hearing and were randomly assigned, the percentage of the control group paying any child support and the average amounts they paid were low and relatively stable. These parents were not in a temporary downturn in child support, but rather had settled into a pattern of low support that had lasted for several quarters.

In the quarter of random assignment, however, for the full sample and six of the seven sites, there was a noticeable increase for the control group in the percentage paying support and average payments. The previous stability of the payment rate and average payment suggests that this abrupt increase in support was not a gradual return to a longer-term pattern of higher support. Instead, the evidence is consistent with a view that the PFS intake process — in which sites reviewed the status of cases they would otherwise not have been intensively worked — in itself produced an increase in child support payment rates and average amount. Therefore, the increases in payment of child support due to referral to PFS reported below are separate from the increase produced by the PFS intake process.

- **Separate from the impact of the PFS intake process, a higher percentage of parents referred to PFS paid child support than was the case for parents in the control group. However, there was no statistically significant increase in the average amount of the support payment.**

Table 6 shows the child support impacts of referral to PFS, based on administrative records from the child support agency, separate from the impact of the PFS intake process. This analysis of the effect of services focuses on the impact of *referral* to PFS services and coverage of the mandates rather than the impact of *participation* in PFS services. Because PFS was a combination of service offerings and a mandate to participate or pay support, it is not possible to isolate the separate effects of participation in services. Parents who did not participate in services might have nevertheless been affected by the PFS mandate and changed their behavior.

In Table 6, in the quarter of random assignment (when many parents in the program group were participating in PFS), a higher percentage of the control group paid support. By the second quarter of follow-up, a higher percentage of the parents in the program group were paying support, and this impact persisted (and remained statistically significant) throughout the remainder of the six quarters of follow-up. Despite there being an impact on payment rates, the overall rate of payment remained low, never reaching 50 percent of the program group in any quarter.

Referral to PFS did not produce a statistically significant increase in average payments, however. (The average payments presented in the table include zero payments for those parents not paying any support, in most quarters somewhat more than half the group.) During the quarter of random assignment, the control group average payment was somewhat higher, and in succeeding quarters the program group average was usually slightly higher, but the difference was not statisti-

Table 6
Parents' Fair Share

**Impacts of Referral to PFS Service on Child Support Payments
for All Sites Combined**

Outcome	Program Group	Control Group	Impact
Paid child support (%)			
Prior Quarter 1 ^a	22.9	22.9	0.0
Quarter 0 ^b	32.4	39.0	-6.6 ***
Quarter 1	40.0	40.7	-0.7
Quarter 2	43.5	35.9	7.6 ***
Quarter 3	43.9	37.3	6.6 ***
Quarter 4	45.0	40.1	4.9 ***
Quarter 5	44.6	39.7	4.9 ***
Quarter 6	43.2	38.7	4.4 **
Quarters 1-6	72.7	69.1	3.5 **
Amount of child support paid (\$)			
Prior Quarter 1 ^a	99	99	0
Quarter 0 ^b	121	164	-43 ***
Quarter 1	168	176	-8
Quarter 2	190	172	18
Quarter 3	206	185	21
Quarter 4	258	260	-2
Quarter 5	269	241	27
Quarter 6	269	250	19
Quarters 1-6	1,359	1,284	76
Sample size (total =2,641)	1,334	1,307	

SOURCE: MDRC calculations from child support enforcement (CSE) payment records.

NOTES: A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The sample used for this analysis excludes the members of the program group who were given a weight of 0.

These impacts are separate from the impacts of PFS intake.

^aPrior quarter 1 refers to the quarter before random assignment.

^bQuarter of random assignment.

cally significant. In quarter 5 (months 13 to 15 of follow-up), for example, parents in the program group averaged \$269 in child support, while those in the control group averaged \$241.

This pattern of impacts on percentage paying but not on average payments could occur for several reasons. First, as part of the PFS model the parents in the PFS program group, at least initially, faced a lower child support order than parents in the control group. The lowering of child support orders with the referral to PFS was intended to be temporary, but it might have persisted long enough to affect average payments for the program group throughout the follow-up period. The second likely reason for this pattern of impacts has to do with the variability in a measure such as *amount paid* (which could range from zero to a large total) compared with a measure such as *ever paid support* (yes or no). This greater variability (or variance, in statistical terminology) makes it less likely that differences in measures like amount paid will be statistically significant.

Although it is correct to think of these impacts of referral to PFS services and coverage by its mandates as separate from the impacts of PFS intake (reported earlier in this summary), it is not correct to simply add the impacts produced at the two stages of the PFS process to get a total impact measure. The samples of parents for whom impacts are calculated at the two stages of the process are very different; for intake impacts, the sample included all fathers potentially eligible for PFS, while the impacts of referral to PFS is based on only those fathers actually found to be eligible. Thus, the two types of impacts should be thought of as separate effects of PFS at distinct stages of the program's process for those fathers who were involved in the relevant stage (intake *or* referral to PFS services and coverage by its mandates).

- **These positive impacts on percentage paying support of referral to PFS were mainly the result of substantial impacts in three of the seven sites: Dayton, Grand Rapids, and Los Angeles.**

The findings presented above mask statistically significant variation among the sites. As shown in Table 7, in Dayton, Grand Rapids, and Los Angeles there were statistically significant and substantial impacts on the percentage of parents paying support, in most quarters ranging from 10 to 15 percentage points. Often, this amounted to a 15 to 50 percent increase in the proportion of parents paying support. In some quarters, there were also statistically significant increases in average payments in these three sites, and for Dayton and Grand Rapids the increase in average support paid for the entire period was also statistically significant. In Dayton the increase in the average payment amounted to 55 percent, while in Grand Rapids it was 20 percent. In the remaining four sites, impacts on child support payments were sporadic and generally not statistically significant.

Impacts on Employment and Earnings and Further Analysis of Child Support

- **Across the seven PFS sites combined, referral to PFS produced no statistically significant impacts on parents' employment rates or earnings.**

As shown in Table 8, in no quarter did the employment rate or earnings of the program group exceed those of the control group. For both groups the quarterly employment rate remained at approximately 50 percent throughout the follow-up period. Average quarterly earn-

**Table 7
Parents' Fair Share**

**Impacts of Referral to PFS Service on Child Support Payments,
by Site**

Outcome	Dayton			Grand Rapids			Jacksonville			Los Angeles		
	Program Group	Control Group	Impact	Program Group	Control Group	Impact	Program Group	Control Group	Impact	Program Group	Control Group	Impact
Paid child support (%)												
Prior Quarter 1 ^a	14.7	14.7	0.0	24.8	24.8	0.0	27.9	27.9	0.0	19.4	19.4	0.0
Quarter 0 ^b	14.5	19.7	-5.2	29.7	39.2	-9.5 **	45.4	46.9	-1.5	30.9	28.1	2.8
Quarter 1	21.0	29.6	-8.6 *	49.3	38.1	11.3 ***	45.7	48.4	-2.7	32.5	20.0	12.5 ***
Quarter 2	36.3	19.6	16.6 ***	54.3	32.2	22.1 ***	50.3	46.8	3.4	32.8	20.3	12.5 **
Quarter 3	33.9	20.8	13.1 **	56.6	38.5	18.1 ***	51.8	48.9	2.9	36.8	25.4	11.4 **
Quarter 4	34.3	23.9	10.4 **	57.0	40.5	16.6 ***	49.9	50.1	-0.2	42.2	33.6	8.6
Quarter 5	39.2	25.8	13.3 **	52.7	45.8	6.9	46.4	48.2	-1.8	40.9	32.9	8.0
Quarter 6	37.8	26.6	11.2 **	52.2	45.5	6.7	47.1	49.8	-2.7	42.8	31.7	11.1 **
Quarters 1-6	59.8	56.4	3.4	85.4	74.7	10.7 ***	79.4	77.1	2.2	62.6	54.6	8.1
Amount of child support paid (\$)												
Prior Quarter 1 ^a	60	60	0	88	88	0	121	121	0	83	83	0
Quarter 0 ^b	22	53	-31 *	106	125	-19	170	226	-57 *	266	305	-39
Quarter 1	88	111	-23	194	168	27	225	184	41	296	115	180 **
Quarter 2	97	80	17	258	144	114 ***	259	255	4	220	135	85
Quarter 3	132	106	25	252	171	81 ***	275	275	0	198	238	-39
Quarter 4	156	173	-17	298	235	63 *	318	315	3	373	373	0
Quarter 5	378	96	282 *	346	272	74	269	331	-62	241	271	-29
Quarter 6	231	132	99 *	287	378	-91	404	288	117 *	217	234	-17
Quarters 1-6	1,082	698	384 *	1,637	1,367	270 *	1,749	1,648	102	1,545	1,365	180
Sample size	161	166		259	250		228	210		154	155	

(continued)

Table 7 (continued)

Outcome	Memphis			Springfield			Trenton		
	Program Group	Control Group	Impact	Program Group	Control Group	Impact	Program Group	Control Group	Impact
Paid child support (%)									
Prior Quarter 1 ^a	14.9	14.9	0.0	31.6	31.6	0.0	22.3	22.3	0.0
Quarter 0 ^b	15.9	32.9	-17.0 ***	47.5	53.7	-6.2	37.1	43.0	-5.9
Quarter 1	24.8	34.8	-10.0 *	52.8	60.1	-7.4	42.8	46.6	-3.7
Quarter 2	28.3	23.7	4.6	49.7	56.8	-7.1	43.4	41.8	1.6
Quarter 3	27.3	24.7	2.6	44.9	54.2	-9.3 *	44.7	38.9	5.8
Quarter 4	28.4	23.6	4.8	48.4	53.9	-5.6	45.8	45.1	0.7
Quarter 5	28.4	25.6	2.8	49.8	47.8	2.0	47.5	41.2	6.3
Quarter 6	23.5	19.7	3.8	48.4	49.8	-1.4	41.0	37.9	3.1
Quarters 1-6	59.2	53.6	5.6	76.2	82.3	-6.1	72.6	75.5	-3.0
Amount of child child support paid (\$)									
Prior Quarter 1 ^a	36	36	0	158	158	0	125	125	0
Quarter 0 ^b	32	64	-32 **	125	168	-43	146	171	-25
Quarter 1	46	72	-27 *	157	243	-86 *	164	271	-107 **
Quarter 2	64	61	3	206	245	-39	159	230	-71
Quarter 3	74	75	-1	236	223	13	194	188	7
Quarter 4	77	64	13	272	342	-70	242	294	-53
Quarter 5	79	119	-41	316	289	27	217	232	-15
Quarter 6	73	60	13	343	275	68	251	263	-12
Quarters 1-6	413	452	-39	1,529	1,617	-87	1,227	1,477	-250
Sample size	150	146		186	191		196	189	

SOURCE: MDRC calculations from child support enforcement (CSE) payment records.

NOTES: A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The sample used for this analysis excludes the members of the program group who were given a weight of 0.

^aPrior quarter 1 refers to the quarter before random assignment.

^bQuarter of random assignment.

Table 8
Parents' Fair Share

**Impacts of Referral to PFS Service on Employment and Earnings
for All Sites Combined**

Outcome	Program Group	Control Group	Impact
Employed (%)			
Prior to quarter 1 ^a	46.0	46.0	0.0
Quarter 0 ^b	45.3	48.0	-2.7
Quarter 1	50.3	51.9	-1.6
Quarter 2	51.9	52.6	-0.7
Quarter 3	50.8	52.6	-1.8
Quarter 4	50.1	51.7	-1.6
Quarter 5	50.4	53.0	-2.7
Quarter 6	50.3	51.4	-1.2
Quarters 1-6	77.7	77.7	0.1
Total earnings (\$)			
Prior to quarter 1 ^a	793	793	0
Quarter 0 ^b	627	672	-45
Quarter 1	954	994	-40
Quarter 2	1,155	1,243	-89
Quarter 3	1,224	1,270	-46
Quarter 4	1,310	1,360	-50
Quarter 5	1,316	1,389	-73
Quarter 6	1,394	1,414	-21
Quarters 1-6	7,352	7,670	-318
Sample size (total =2,641)	1,334	1,307	

SOURCE: MDRC calculations from unemployment insurance (UI) payment records.

NOTES: A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The sample used for this analysis excludes the members of the program group who were given a weight of 0.

These impacts are separate from the impacts of PFS intake.

^aPrior quarter 1 refers to the quarter before random assignment.

^bQuarter of random assignment.

ings, in contrast, did increase over time for both groups, with the amount approximately doubling between the quarter of random assignment and the final quarter of follow-up. In the sixth quarter of follow-up, earnings averaged approximately \$1,400 for each group. This includes zero earnings for the parents (approximately 50 percent) who did not work in that quarter. Average earnings *for those who worked during the quarter* were, therefore, approximately \$2,800 over the quarter, or an average of approximately \$930 per month.

- **Referral to PFS in two sites (Dayton and Los Angeles) did increase the percentage of parents who worked at some point during the follow-up, but no site produced a statistically significant increase in overall earnings.**

At the site level, there are few or no positive impacts on employment and earnings and some negative and statistically significant impacts as well. In two sites (Los Angeles and Dayton), referral to PFS produced an 11 percentage point increase in the proportion of parents who worked at some point during the six quarters of follow-up, and this difference was statistically significant. However, no site produced a positive and statistically significant impact on overall earnings, a key objective of PFS, though Los Angeles and Memphis had positive — though statistically insignificant — impacts on earnings in the later quarters of follow-up.

- **Persistent increases in child support payment rates came from parents who were employed in the formal economy. Any increases in support from unemployed parents were small and did not persist over the follow-up period.**

Impacts on child support and employment were analyzed together in the three sites in which there were child support impacts. This was done using administrative records on earnings; as with all the employment findings in this report, the analysis captures only jobs in the mainstream economy in which employers report wages to the state. The analysis began by examining the percentage of parents who fell into each of four possible categories: (1) unemployed and not paying support, (2) unemployed and paying support, (3) employed and not paying support, and (4) employed and paying support.

During the initial four quarters of follow-up, referral to PFS in the three sites with child support impacts produced increased rates of payment for parents who were employed and those who were not. Using quarter 3 of follow-up as an example, referral to PFS produced a 15 percentage point impact on payment rates, with about 10 percentage points coming from employed parents and 5 percentage points coming from unemployed parents. By quarter 5 of follow-up, impacts on child support payment rates had disappeared for unemployed parents; thus, all longer-term impacts on child support came from employed parents.

- **In general, there were few subgroup differences in child support or employment impacts.**

Analysis of impacts on child support payment rates, average amounts paid, employment rates, and earnings also included an examination of key subgroups defined by father's age, ethnicity, recent prior earnings, and prior arrest. There were no significant differences between subgroups in impacts except that non-black parents and parents with earnings of \$2,000 or more in

the three quarters prior to random assignment had impacts on average child support payment amounts, while black parents and those with earnings of less than \$2,000 did not. For employment and earnings, the only difference between key subgroups in impacts concerned the "prior arrest" subgroup: parents with a prior arrest experienced negative impacts on earnings, and those without an arrest experienced a small and statistically insignificant increase in earnings. To the extent that there is a pattern in these subgroup findings, impacts tended to be better for parents with fewer barriers to employment.

Suggestions for Program Design

The findings in this report are far from being the complete PFS story. They rest on six quarters of follow-up for a sample of about half of the parents referred to the program. However, the data available at this time suggest that these findings on program implementation, participation in services, and impacts on child support and employment will be consistent with findings that will be available when comparable follow-up is completed for all parents referred to the program. More limiting is the scope of the topics covered; since information from the survey of parents is not yet available, this report does not discuss PFS's success in helping noncustodial parents become more effective and involved parents. Finally, the current findings are based on administrative records and do not capture changes in informal support payments made directly to the custodial parent or child or in employment in the underground economy, topics to be covered later in PFS using follow-up surveys.

Despite these cautions, this summary closes with some suggestions about program design. This demonstration is important because of the increasing interest in programs for poor noncustodial parents, in part prompted by time-limiting welfare aid to custodial parents and children and facilitated by new federal "welfare-to-work" funding that can be used to serve noncustodial parents of children receiving assistance.

The PFS eligibility rules and the process of program intake identified a group of parents (largely men) who were both disadvantaged and somewhat diverse. They tended to be made up of fathers who worked in a series of low-paying jobs *and* fathers who had a tenuous connection to the mainstream labor market and thus had little earnings. The program participation requirements forced those who were working to report this fact (because they could not work and participate), and those who participated in program services typically had serious barriers to employment. As a consequence, PFS programs probably practiced "reverse creaming" rather than focusing their attention on the easier to serve.

The PFS intake process and the referral to PFS did produce impacts on child support payments, in large part coming from fathers who worked during the follow-up period. This suggests that agencies should not discount the possibility of payments from parents without known employment, the parents who initially appear to fit the PFS profile. Even within the disadvantaged population making up the PFS sample, some will find employment. It is important to recognize that continued changes in the CSE system are gradually increasing the speed with which previously unknown employment is discovered. Most notable is the recent requirement that employers covered by the unemployment insurance system report new hires immediately, providing

the CSE system with a more accurate employment database against which to match noncustodial parents. But the PFS intake process also illustrates the limits of using administrative records and the payoff from extra outreach.

- **The three sites that produced impacts on child support payments share several characteristics: strong involvement of the child support agency in PFS, a strong peer support program that focused on the importance of supporting children, and — in the case of Dayton — low existing levels of support payments.**

Two of the three PFS sites with child support impacts were unique among the seven in one respect: in Los Angeles and Grand Rapids the child support agency was the lead local agency, driving the planning process and the management of the program, developing procedures to involve cases that typically would have been given low enforcement priority, and putting in place regular reviews of noncompliant parents involving child support and PFS staff. In other ways, these two sites are not unique, though it appears that a combination of several factors contributed to their strong child support impacts. In Dayton, over the course of the demonstration the child support agency and PFS staff worked together to dramatically change the PFS outreach and intake process, including targeting cases for whom location information was weak, developing new forms of legal notice for hearings, and (after the period of intake for the sample in this report) conducting home visits just prior to hearings to encourage an appearance. In addition, in each site the peer support staff was strong, though other sites also had good peer support facilitators, and some had higher levels of participation in peer support. Finally, existing payment levels were low in Dayton (so that there was “room” for improvement and, therefore, impacts), and the experience suggests that this — *coupled with* active involvement of the child support agency in program outreach and intake — was an important contributor to child support impacts. Memphis also had very low existing levels of payments, but the child support agency was not as involved as in Dayton, and there was little effort to reach cases who would be otherwise “unworked.” As a result, Memphis produced no impacts on child support payments.

Another goal of PFS was to assist parents in working more steadily and earning more money. The program attempted to do this by providing a range of employment and training services and by focusing part of the peer support curriculum on issues relevant to the work setting. As discussed earlier in this summary, full employment services were often not provided, with assistance in job seeking receiving the greatest emphasis.

- **A lack of “fit” between the employment and training services emphasized in the sites and the needs of a substantial portion of the PFS parents, as well as limited job opportunities within their neighborhoods, contributed to the lack of overall impacts on employment and earnings.**

Because the PFS sample was largely made up of men who had worked — with varying degrees of regularity — at low-paying jobs, the challenge for the program was to help these parents find better jobs than they otherwise would have found and to keep them. Job search assistance and job club services, the most common employment services in PFS, can be effective in helping more people find jobs but are not well suited to helping people who are already in the

labor market raise their wage rates or stabilize their work history. In Los Angeles and Memphis, where there was a hint of a trend toward positive earnings impacts at the end of the follow-up, a much higher than average percentage of PFS parents participated in skill-building activities (basic education or occupational training), which might have been better suited to boost earnings for a group already working to some extent.

Experimentation with new combinations of services seems called for in light of the PFS interim results and interest in serving poor, noncustodial parents. Finding new ways to combine work and skill-building services seems important because these parents need income quickly and also need to develop a plan for wage progression over time. Interestingly, the new welfare-to-work grants administered by the U.S. Department of Labor require sites that wish to offer skill-building services to first get a participant into a job and then provide the education or training. This combination seems likely to coincide with the reality of the lives of poor, noncustodial parents (who have little access to cash assistance) and implies a longer-term service plan and a skill-upgrading approach rather than an effort to help these men quickly get better-paying and more stable jobs.

Job retention services, which also would seem to be an important part of this longer-term service strategy and which would have been more directly related to the problems of the PFS sample than job clubs, were added to PFS services part way through the demonstration but were not delivered with intensity to most parents. Finally, jobs were often scarce within the communities of residence for the PFS parents, and they faced — or at least feared — discrimination in the larger metropolitan labor market, especially with their combination of barriers to employment. This suggests that there may be a need in some communities for a pool of time-limited subsidized community service jobs to help men quickly start earning a pay check and build a work history that will make them more appealing to other employers.

A final lesson from the initial PFS experience is also a pressing challenge for program operators. For a program like PFS to work, there must be a strong local service partnership, in which agencies coming from many different perspectives can find a way to work together for common goals. The difficulty of achieving this common purpose plagued the PFS demonstration and — without substantial and continuous attention — it is likely to be a problem in similar programs. As partnerships are developed, there is a danger of glossing over differences in perspective in order to get to the “real” business of putting service components in place. The PFS experience suggests instead that initial investments in team building which acknowledge and seek to reconcile differences in perspective can be money well spent. In the absence of serious efforts to build a sense of common enterprise, the competing priorities of the partners can undermine the best-laid plans to provide a seamless and comprehensive program for low-income fathers.

Recent Publications on MDRC Projects

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ReWORKing Welfare: Technical Assistance for States and Localities

A multifaceted effort to assist states and localities in designing and implementing their welfare reform programs. The project includes a series of "how-to" guides, conferences, briefings, and customized, in-depth technical assistance.

After AFDC: Welfare-to-Work Choices and Challenges for States. 1997. Dan Bloom.

Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients. 1997. Evan Weissman.

Work First: How to Implement an Employment-Focused Approach to Welfare Reform. 1997. Amy Brown.

Business Partnerships: How to Involve Employers in Welfare Reform. 1998. Amy Brown, Maria Buck, Erik Skinner.

Time Limits

Cross-State Study of Time-Limited Welfare

An examination of the implementation of some of the first state-initiated time-limited welfare programs.

Implementing Time-Limited Welfare: Early Experiences in Three States. 1995. Dan Bloom, David Butler.

The View from the Field: As Time Limits Approach, Welfare Recipients and Staff Talk About Their Attitudes and Expectations. 1997. Amy Brown, Dan Bloom, David Butler.

Connecticut's Jobs First Program

An evaluation of Connecticut's statewide time-limited welfare program, which includes financial work incentives and requirements to participate in employment-related services aimed at rapid job placement. This study provides some of the earliest information on the effects of time limits in major urban areas.

Jobs First: Early Implementation of Connecticut's Welfare Reform Initiative. 1998. Dan Bloom, Mary Andes, Claudia Nicholson.

Florida's Family Transition Program

An evaluation of Florida's initial time-limited welfare program, which includes services, requirements, and financial work incentives intended to reduce long-term welfare receipt and help welfare recipients find and keep jobs.

The Family Transition Program: Implementation and Early Impacts of Florida's Initial Time-Limited Welfare Program. 1997. Dan Bloom, James J. Kemple, Robin Rogers-Dillon.

The Family Transition Program: Implementation and Interim Impacts of Florida's Initial Time-Limited Welfare Program. 1998. Dan Bloom, Mary Farrell, James J. Kemple, Nandita Verma.

Vermont's Welfare Restructuring Project

An evaluation of Vermont's statewide welfare reform program, which includes a work requirement after a certain period of welfare receipt, and financial work incentives.

WRP: Implementation and Early Impacts of Vermont's Welfare Restructuring Project. 1998. Dan Bloom, Charles Michalopoulos, Johanna Walter, Patricia Auspos.

Financial Incentives

Minnesota Family Investment Program

An evaluation of Minnesota's welfare reform initiative, which aims to encourage work, alleviate poverty, and reduce welfare dependence.

MFIP: An Early Report on Minnesota's Approach to Welfare Reform. 1995. Virginia Knox, Amy Brown, Winston Lin.

Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program. 1997. Cynthia Miller, Virginia Knox, Patricia Auspos, Jo Anna Hunter-Manns, Alan Orenstein.

New Hope Project

A test of a community-based, work-focused antipoverty program and welfare alternative operating in Milwaukee.

The New Hope Offer: Participants in the New Hope Demonstration Discuss Work, Family, and Self-Sufficiency. 1996. Dudley Benoit.

Creating New Hope: Implementation of a Program to Reduce Poverty and Reform Welfare. 1997. Thomas Brock, Fred Doolittle, Veronica Fellerath, Michael Wiseman.

Who Got New Hope? 1997. Michael Wiseman.

An Early Look at Community Service Jobs in the New Hope Demonstration. 1998. Susan M. Pogliinco, Julian Brash, Robert C. Granger.

Canada's Self-Sufficiency Project

A test of the effectiveness of a temporary earnings supplement on the employment and welfare receipt of public assistance recipients. Reports on the Self-Sufficiency Project are available from: Social Research and Demonstration Corporation (SRDC), 275 Slater St., Suite 900, Ottawa, Ontario K1P 5H9, Canada. Tel.: 613-237-4311; Fax: 613-237-5045. In the United States, the reports are also available from MDRC.

Creating an Alternative to Welfare: First-Year Findings on the Implementation, Welfare Impacts, and Costs of the Self-Sufficiency Project (Social Research and Demonstration Corporation [SRDC]). 1995. Tod Mijanovich, David Long.

The Struggle for Self-Sufficiency: Participants in the Self-Sufficiency Project Talk About Work, Welfare, and Their Futures (SRDC). 1995. Wendy Bancroft, Sheila Currie Vernon.

Do Financial Incentives Encourage Welfare Recipients to Work? Initial 18-Month Findings from the Self-Sufficiency Project (SRDC). 1996. David Card, Philip K. Robins.

When Work Pays Better Than Welfare: A Summary of the Self-Sufficiency Project's Implementation, Focus Group, and Initial 18-Month Impact Reports (SRDC). 1996.

How Important Are "Entry Effects" in Financial Incentive Programs for Welfare Recipients? Experimental Evidence from the Self-Sufficiency Project (SRDC). 1997. David Card, Philip K. Robins, Winston Lin.

Do Work Incentives Have Unintended Consequences? Measuring "Entry Effects" in the Self-Sufficiency Project (SRDC). 1998. Gordon Berlin, Wendy Bancroft, David Card, Winston Lin, Philip K. Robins.

Mandatory Welfare Employment Programs

National Evaluation of Welfare-to-Work Strategies

A large-scale study (formerly known as the JOBS Evaluation) of different strategies for moving people from welfare to employment.

Adult Education for People on AFDC: A Synthesis of Research (U.S. Department of Education [ED]/U.S. Department of Health and Human Services [HHS]). 1995. Edward Pauly.

Early Findings on Program Impacts in Three Sites (HHS/ED). 1995. Stephen Freedman, Daniel Friedlander.

Five Years After: The Long-Term Effects of Welfare-to-Work Programs (Russell Sage Foundation). 1995. Daniel Friedlander, Gary Burtless.

Monthly Participation Rates in Three Sites and Factors Affecting Participation Levels in Welfare-to-Work Programs (HHS/ED). 1995. Gayle Hamilton.

Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients. 1997. Evan Weissman.

Evaluating Two Welfare-to-Work Program Approaches: Two-Year Findings on the Labor Force Attachment and Human Capital Development Programs in Three Sites (HHS/ED). 1997. Gayle Hamilton, Thomas Brock, Mary Farrell, Daniel Friedlander, Kristen Harknett.

Work First: How to Implement an Employment-Focused Approach to Welfare Reform. 1997. Amy Brown.

Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program (HHS/ED). 1998. Susan Scrivener, Gayle Hamilton, Mary Farrell, Stephen Freedman, Daniel Friedlander, Marisa Mitchell, Jodi Nudelman, Christine Schwartz.

Los Angeles's Jobs-First GAIN Program

An evaluation of Los Angeles's refocused GAIN (welfare-to-work) program, which emphasizes rapid employment. This is the first in-depth study of a full-scale "work first" program in one of the nation's largest urban areas.

Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients. 1997. Evan Weissman.

The Los Angeles Jobs-First GAIN Evaluation: Preliminary Findings on Participation Patterns and First-Year Impacts. 1998. Stephen Freedman, Marisa Mitchell, David Navarro.

Teen Parents on Welfare

Teenage Parent Programs: A Synthesis of the Long-Term Effects of the New Chance Demonstration, Ohio's Learning, Earning, and Parenting (LEAP) Program, and the Teenage Parent Demonstration (TPD). 1998. Robert C. Granger, Rachel Cytron.

Ohio's LEAP Program

An evaluation of Ohio's Learning, Earning, and Parenting (LEAP) Program, which uses financial incentives to encourage teenage parents on welfare to stay in or return to school.

LEAP: Three-Year Impacts of Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents. 1996. David Long, Judith M. Gueron, Robert G. Wood, Rebecca Fisher, Veronica Fellerath.

LEAP: Final Report on Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents. 1997. Johannes Bos, Veronica Fellerath.

New Chance Demonstration

A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children. 1997. Janet Quint, Johannes Bos, Denise Polit.

Parenting Behavior in a Sample of Young Mothers in Poverty: Results of the New Chance Observational Study. 1998. Martha Zaslow, Carolyn Eldred, editors.

Focusing on Fathers

Parents' Fair Share Demonstration

A demonstration for unemployed noncustodial parents (usually fathers) of children on welfare. PFS aims to improve the men's employment and earnings, reduce child poverty by increasing child support payments, and assist the fathers in playing a broader constructive role in their children's lives.

Low-Income Parents and the Parents' Fair Share Demonstration. 1996. Earl Johnson, Fred Doolittle.

Working with Low-Income Cases: Lessons for the Child Support Enforcement System from Parents' Fair Share. 1998. Fred Doolittle, Suzanne Lynn.

Other

Can They All Work? A Study of the Employment Potential of Welfare Recipients in a Welfare-to-Work Program. 1995. James A. Riccio, Stephen Freedman.

Florida's Project Independence: Benefits, Costs, and Two-Year Impacts of Florida's JOBS Program. 1995. James J. Kemple, Daniel Friedlander, Veronica Fellerath.

From Welfare to Work Among Lone Parents in Britain: Lessons for America. 1996. James A. Riccio.

Employment and Community Initiatives

Connections to Work Project

A study of local efforts to increase competition in the choice of providers of employment services for welfare recipients and other low-income populations. The project also provides assistance to cutting-edge local initiatives aimed at helping such people access and secure jobs.

Tulsa's IndEx Program: A Business-Led Initiative for Welfare Reform and Economic Development. 1997. Maria Buck.

Washington Works: Sustaining a Vision of Welfare Reform Based on Personal Change, Work Preparation, and Employer Involvement. 1998. Susan Gooden.

Cost Analysis Step by Step: A How-to Guide for Planners and Providers of Welfare-to-Work and Other Employment and Training Programs. 1998. David Greenberg, Ute Appenzeller.

Jobs-Plus Initiative

A multi-site effort to greatly increase employment among public housing residents.

A Research Framework for Evaluating Jobs-Plus, a Saturation and Place-Based Employment Initiative for Public Housing Residents. 1998. James A. Riccio.

Section 3 Public Housing Study

An examination of the effectiveness of Section 3 of the 1968 Housing and Urban Development Act in affording employment opportunities for public housing residents.

Lessons from the Field on the Implementation of Section 3 (U.S. Department of Housing and Urban Development). 1996. Maxine Bailey, Suzanne Lynn.

Canada's Earnings Supplement Project

A test of an innovative financial incentive intended to expedite the reemployment of displaced workers and encourage full-year work by seasonal or part-year workers, thereby also reducing receipt of Unemployment Insurance.

Implementing the Earnings Supplement Project: A Test of a Re-employment Incentive (Social Research and Demonstration Corporation). 1997. Howard Bloom, Barbara Fink, Susanna Lui-Gurr, Wendy Bancroft, Doug Tattrie.

Education Reform

School-to-Work Project

A study of innovative programs that help students make the transition from school to work or careers.

Home-Grown Lessons: Innovative Program Linking School and Work (Jossey-Bass Publishers). 1995. Edward Pauly, Hilary Kopp, Joshua Haimson.

Home-Grown Progress: The Evolution of Innovative School-to-Work Programs. 1997. Rachel A. Pedraza, Edward Pauly, Hilary Kopp.

Career Academies

The largest and most comprehensive evaluation of a school-to-work initiative, this 10-site study examines a promising approach to high school restructuring and the school-to-work transition.

Career Academies: Early Implementation Lessons from a 10-Site Evaluation. 1996. James J. Kemple, JoAnn Leah Rock.

Career Academies: Communities of Support for Students and Teachers — Emerging Findings from a 10-Site Evaluation. 1997. James J. Kemple.

About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through interchanges with a broad audience of policymakers and practitioners; state, local, and federal officials; program planners and operators; the funding community; educators; scholars; community and national organizations; the media; and the general public.

Over the past two decades — working in partnership with more than forty states, the federal government, scores of communities, and numerous private philanthropies — MDRC has developed and studied more than three dozen promising social policy initiatives.

Andrea Kane

11/27/98 03:18:53

PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Cynthia A. Rice/OPD/EOP
Subject: Responsible Fathers Grants

Here is an updated summary of the fathers grants idea. It reflects considerable staff-level input and general support from OVP, DOL and HHS, but has not yet gone through official clearance at the agencies. I do not believe the VP has been briefed yet (though his fatherhood advisors are on board), but that is supposed to happen shortly.



rfgsum.wpd

This is a more detailed discussion paper including options on several issues.



fathers.wpd

The biggest issue is still how to pay for the proposal. I need to touch bases w/ OMB on the status of funding for the Welfare-to-Work reauthorization, since this would likely be carved out of that amount.

We'd be glad to discuss this further.

RESPONSIBLE FATHERHOOD GRANTS

Goal/Purpose

Strengthen families by helping fathers to be more effective and involved parents and responsible members of their community through: 1) Increasing the employment and earnings of low income fathers so they can better support their children either through child support or more take-home pay and 2) Promoting and supporting fathers' personal responsibility including paternity establishment, child support, community involvement, and marriage (when appropriate).

Eligible population

Generally, fathers who are committed to playing by the rules in terms of employment, paternity, child support, and responsible parenting. Depending on how eligibility is defined, the number of poor non-custodial fathers conservatively ranges from 300,000 to 1 million. This does not include fathers who live with some of their children but not others, nor does it include fathers in prison or living on military bases. The grants could also serve fathers living with their children if they need help with employment and parenting (limiting eligibility to non-custodial parents is a disincentive to marriage and/or family unification). Non-custodial mothers would be served in the same way as non-custodial fathers.

Allowable activities

Employment activities such as job placement, retention, re-employment, entrepreneurship, and advancement services, and skills training combined with work. Job-related support services if not otherwise available -- transportation, child care, clothes and tools. Other services to promote responsible fatherhood including: outreach; peer support, parenting, violence reduction, conflict resolution, and team parenting courses; legal assistance, mediation, counseling, treatment

Funding Level and Match

Approximately \$200 million in federal funds, with a small state minimum. (Assuming Fathers grants at 20% of WTW formula grants, smallest states would get approximately \$700,000). Assuming same match as WTW program: \$1 non-federal for every \$2 federal, possibly with expanded definition of allowable in-kind match. Consider allowing a small percent of Federal TANF \$ to be transferred out as match (requires further discussion).

Funding Flow and Delivery System

Allocate majority of funds on a formula basis to states who submit Responsible Fatherhood plans. Governor submits plan with mandatory sign-off from workforce, TANF, and child support agencies, designates lead agency at state level, and identifies mechanism for ongoing coordination among key agencies. Reserve about 15% at national level for research and evaluation, technical assistance, and discretionary grants to test national models. Provide set aside for formula grants directly to federally-recognize tribes who submit plan.

Substate Allocation:

Options

- 1) Same as WTW: 85% of funds to local PICs/workforce boards, 15% reserved for Governor's discretionary activities. Require local PICs to coordinate with public agencies responsible for TANF and child support. Encourage PICs to subcontract with private, community groups, including faith-based organizations, where appropriate. Provide waiver authority for Governor to designate alternate service delivery entity.
- 2) Allow Governor to allocate funds within state to entities that best meet state and local needs and circumstances. This could be done on a formula or competitive basis. Grant recipients would need to demonstrate coordination with local workforce, welfare, and child support systems.

Federal Administrative responsibility

Regardless of which federal agency administers the funds, there should be a strong mechanism for ongoing interagency involvement in reviewing state plans, providing technical assistance, sharing information among various constituencies, and coordinating with existing programs. Key agencies include: DOL; HHS/OCSE and ACF; HUD; Justice. SBA, DOT, Education and others also play a significant role.

Rationale

Most children on welfare live with a single (custodial) parent and depend on child support payments from their non-custodial parent (usually father) for additional financial support. As these families move from welfare to work and face time-limited welfare assistance, increasing the child support paid by non-custodial parents is critical. Many of these fathers work, but their employment tends to be unstable and confined to entry level jobs. A recent study found that 70 percent of poor non-custodial fathers had some involvement with the criminal justice system. These same fathers express strong interest in being involved with their children, by providing both financial and emotional support and serving as a positive force in their children's lives. There is growing, broad-based support for responsible fatherhood initiatives. WTW funding is an important new federal funding source but is limited to a subset of poor fathers whose children are on welfare.

RESPONSIBLE FATHERHOOD GRANTS

Goal/Purpose

- Strengthen families by helping fathers to be more effective and involved parents and responsible members of their community through:
 - 1) Increasing the employment and earnings of low income fathers so they can better support their children either through child support or more take-home pay.
 - 2) Promoting and supporting fathers' personal responsibility including paternity establishment, child support, community involvement, and marriage (when appropriate).

Rationale [needs to be refined and beefed up with statistics]

Most children on welfare live with a single (custodial) parent and depend on child support payments from their non-custodial parent (usually father) for additional financial support. As these families move from welfare to work and face time-limited welfare assistance, increasing the child support paid by non-custodial parents is critical. Many of these fathers work, but their employment tends to be unstable and confined to entry level jobs. A recent study found that 70 percent of poor non-custodial fathers had some involvement with the criminal justice system. These same fathers express strong interest in being involved with their children, by providing both financial and emotional support and serving as a positive force in their children's lives.

Current Initiatives

The **Welfare-to-Work grants** administered by the Department of Labor can be used to provide employment-related services to certain non-custodial parents of children on welfare. Several states have focused their entire formula grant funds on non-custodial parents, others intend to serve a significant number of non-custodial parents along with custodial parents. In addition, 54 Welfare-to-Work competitive grants include non-custodial parents, with several of these grants focused exclusively on this population. However, these WTW services do not address the needs of a broader group of low-income fathers who do not themselves meet the WTW criteria or whose children are not currently on welfare.

The Office of Child Support Enforcement is funding eight **Responsible Fatherhood demonstrations projects** to help low-income, unmarried fathers who have established paternity become involved in the lives of their children and become financially responsible parents. Funding for projects in CA, CO, MD, MA, MO, NH, WA, and WI, along with a multi-site evaluation, totals \$1.5 million.

Eligible population

Generally, fathers who are committed to playing by the rules in terms of employment, paternity,

child support, and responsible parenting.

Depending on how the eligible population is defined, there are between 2 million and 5 million low income fathers, the majority of whom live with their children. The number of poor non-custodial fathers conservatively ranges from 300,000 to 700,000. Data from the 1990 SIPP indicates there are about 2 million fathers living in households with income below the poverty level, of which: 1.5 million fathers live with their children (resident dads), 300,000 do not live with any of their children (non-custodial dads), and 200,000 live with some of their children but not do not live with others (dual dads). An additional 2.7 million fathers live in households with income between 100% and 150% of the poverty level, including: 2 million resident dads, 400,000 non-custodial dads, and 275,000 dual dads. Looking at personal income, which is the basis for child support payments, about 3.8 million fathers have annual income below \$10,000, including: 2.3 million resident dads, 1 million non-custodial dads, and 450,000 dual dads. These figures considerably understate the number of low-income fathers because they do not include men in prison [approximately 1 million of whom are fathers?] nor those living on military bases, plus they reflect the census undercount of poor, young minority men.

Options:

- (1) **Preferred Option:** Low-income parents. Could define income eligibility as 150% of poverty, 185% of poverty, EITC eligibility, or below state or local average income of male earners (Fathers Count bill targets 80% of funds to the latter group).
- (2) Non-custodial parent of a child eligible for or receiving TANF, formerly received TANF, or at risk of receiving TANF. Could also non-custodial parents receiving Food Stamps -- provides link with population, by including fathers who are ABAWDs and Food Stamp E&T program.
- (3) 'Hard to Serve' non-custodial parents (current WTW definition). 70% criteria: either the child or the custodial parent has received TANF for at least 30 months or will become ineligible for assistance within 12 months due to a time limit *and* the non-custodial parent has two of the three barriers related to low education skills, substance abuse or poor work history. 30% criteria: noncustodial parent has characteristics associated with long-term welfare dependence.

All of the above income levels include fathers living with their children if they need help with employment and parenting (whether or not the parents are married). This could be open-ended, or limited to a certain percentage of the total grant funds. Limiting eligibility to non-custodial parents is disincentive to marriage and/or father living with children. Also, non-custodial mothers would be served in the same way as non-custodial fathers. Custodial parents on welfare are likely to be served under TANF or WTW.

NOTE: Options 2 and 3 are considered too narrow, administratively burdensome, and too tightly linked to welfare status of custodial parent.

Allowable activities

- Employment activities -- same as WTW activities, including job placement, post-placement services, retention, re-employment, advancement. Include education and training tied to employment (allowing stand-alone education and training raises equity issue with custodial parents). Also include entrepreneurship (build in link with IDAs).
- Employment-related supportive services if not otherwise available -- transportation, child care, work-related expenses such as clothes and tools. Consider including one-time/short-term health care and housing expenses needed to help someone get or keep a job. Whether to include ongoing health or housing assistance, i.e. monthly insurance premiums, needs further discussion. Encourage private sector involvement, including partnerships with health care providers (e.g. Kaiser Permanente provides insurance coverage for participants, including fathers, in Baltimore Healthy Start programs for a minimal monthly premium).
- Other services to promote responsible fatherhood including: outreach, peer support groups, parenting classes, violence reduction, conflict resolution, team parenting courses, legal assistance, mediation, counseling, treatment, and other items related to the purpose of the program.
- Allow reasonable administrative expenses (15% to be consistent with WTW funds).
- Encourage employment of low-income non-custodial fathers to help collect child support from other non-custodial parents and reinforce the importance of responsible fatherhood. [being done in MD Responsible Fatherhood project?]

Funding flow and Service delivery system

Federal to State

- Allocate majority of funds on a formula basis to states who submit Responsible Fatherhood plans.
- Formula factors:
Options [DOL/HHS: need to do runs]
 - Population (Fathers Count)
 - Low income men (data on fathers not available at sub-state level)
 - Poverty + number of children not living with both parents (similar to Access and Visitation grants)
 - WTW formula (poverty and welfare receipt)
- Reserve 15% at national level for Secretary to provide research and evaluation, Technical Assistance, and discretionary grants to test national models. Assuming \$200 M, 15% = \$30 M. (Fathers Count earmarked \$10 M/year for research & evaluation, and \$10 M for

TA.)

Tribes

- Set aside for formula grants directly to federally-recognize tribes who submit plan.

Substate Allocation:

Options

- 1) Same as WTW: 85% of funds to local PICs/workforce boards, 15% reserved for Governor's discretionary activities. Require local PICs to coordinate with public agencies responsible for TANF and child support, with community and faith based organizations involved in fatherhood issues, and with EZ/ECs. Encourage PICs to subcontract with private organizations where appropriate. Could provide waiver authority for Governor to designate alternate service delivery entity. Establish minimum grant size similar to WTW funds.
- 2) Allow Governor to allocate funds within state to entities that best meet state and local needs and circumstances. This could be done on a formula or competitive basis. Grant recipients would need to demonstrate coordination with local workforce, welfare, and child support systems, at a minimum.

NOTE: Assuming charitable choice provision in TANF applies to WTW, states can contract with religious organizations.

Federal Administrative responsibility

- Regardless of which federal agency administers the funds, there should be a strong mechanism for ongoing interagency involvement in reviewing state plans, providing technical assistance, sharing information among various constituencies, and coordinating with existing programs. Key agencies include: DOL; HHS/OCSE and ACF; HUD; Justice. SBA, DOT, Education and others also play a significant role.

Plan requirements

- Governor submits plan with mandatory sign-off from workforce, TANF, and child support agencies. Designates lead agency at state level and identifies mechanism for ongoing coordination among key agencies, such as Interagency Memorandum of Agreement. For example, state might have existing Fatherhood Task Force. Could require state to get sign-off from, or demonstrate coordination with, at least one other relevant agency such as Criminal Justice, Education, Housing or Health. Plan should document how coordination will occur at service delivery level, including referral process.

Total funding level

- Approximately \$200 million, with a small state minimum-[DOL doing runs with \$200M allocated based on population and WTW formula; HHS doing runs based on low-income men and modified version of A&V formula]. (Assuming Fathers grants at 20% of WTW formula grants, smallest states would get approximately \$700,000)

Match

Options

- (1) Current WTW match: \$1 non-federal for every \$2 federal. Up to 50% can be met in-kind.
- (2) \$1 non-federal for every \$2 federal. Up to 75% in-kind.
- (3) No match (Fathers Count). (Not recommended due to equity with other WTW funds)

Existing foundation-funding for Fatherhood demos could count toward match. Also consider broad definition of in-kind match and flexibility on timing -- not all required in 1st year. Consider allowing a small percent of Federal TANF \$ to be transferred out as match (requires further discussion).

Evaluation

- Require cooperation with evaluation as condition of receiving grant funds.

Technical Assistance

- Provide authority and funding for federal agency(s) to provide or contract for technical assistance for state and local grantees.

Performance Measures

- Identify several core measures in legislation, such as increased employment and earnings of fathers; increased payment of child support; increased involvement with children; reduction in criminal activity/recidivism(?).
- Require Governors to identify additional measures by which they'll hold programs accountable.

Waivers

- Allow states to propose waivers necessary to put together a package of services that make sense at the community level (similar to EZ/EC).
- Explore discussion of special language to permit retroactive modification of child support order, for fathers participating in this program where appropriate. This is potentially controversial, but may be less so when targeted on low-income fathers. (Needs further discussion with ACF and OCSE).
- Consider deferral of arrearages for fathers participating in employment-related activities including education and training combined with work, community service, and certain parenting activities as incentive for low-skilled fathers to

build skills and increase earning potential. (Do states have this authority now?
Issue is federal share of collections.)

Other Issues

- Build in protections for victims of domestic violence and allow batterers intervention services. Also recognize fathers who were themselves victims.
- Encourage fathers to get involved before child is born--prenatal and link with in-hospital paternity programs.
- Sort out how this relates to other WTW funds spent on non-custodial parents -- for example, would MI and MO use this to expand population served by their regular WTW formula grants? Would DOL still award regular WTW competitive grants for non-custodial fathers, or focus those funds on other populations?
- Encourage links with criminal justice system and incarcerated fathers about to be released.
- Consider link with child support financing process, including issue of child support disregard or pass through. Also explore link with possible child support assurance demonstrations(?).
- Be mindful that some fathers have children with more than one women and in more than one household.