Fathers –

HHS

Activities

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

July 26, 1999

Andrea Kane
Domestic Policy Council
Old Executive Office Building
Room 212
Washington, DC 20502

Dear Ms. Kane:

This is in follow-up to our telephone conference call on Friday, July 9, regarding the recommendations contained in the report, Turning the Corner on Father Absence in Black America, as proposed by the Morehouse Research Institute.

At the time, I had promised you a variety of information materials that primarily relate to the Institute's recommendations vis-à-vis OCSE's fatherhood programs and policies. This information is delineated in the following:

Partnerships with Faith-Based Organizations (recommendation #7)
Based on a partnership between OCSE and the United Methodist Church, a handbook on family and child support has been compiled, published, and disseminated to all 700 Methodist churches located within the Baltimore-Washington area (see Attachment A). The handbook has been fashioned by the Methodist's to include suggestions as to how members can support father responsibility for and father involvement in the lives of their children. Another feature of the handbook is the listing of child support agencies and other public and private resources available in the community. The "end goal" is to communicate the information contained in this handbook to the 200,000+ members who make up the combined congregations of the United Methodist Church in the Baltimore-Washington area.

As an aside, I have also enclosed a listing of partnerships that we are exploring with other religious and faith-based organizations (see Attachment B).

Review and Adjustment of Child Support Orders (recommendation #7)
Please refer to Attachment C for a Q & A on the Administration's decision to reinstate the pre-welfare policy of mandatory review and adjust of child support assistance cases.

Fatherhood Demonstration Projects (recommendation #7)
See Attachment D for an update on OCSE fatherhood programs and special initiatives.

Earned Income Tax Credit (recommendation #8)
I've enclosed a copy of David T. Ellwood's draft paper entitled "The Impact of the Earned Income Tax Credit and Other Social Policy Changes on Work and Marriage in the United States" (see Attachment E).

Incarcerated Fathers (recommendation #9)
Last fiscal year, OCSE awarded funds to the Colorado Child Support Office to provide services to incarcerated fathers immediately prior to and following their release from state prison. The goal is to promote father responsibility for the emotional and financial support of their children. Additional information on this project can be found in Attachment F.

Furthermore, OCSE is exploring the possibility of contributing funds to support a "state of the art" research project on incarcerated fathers and their children that is currently being contemplated by the National Institute of Justice.

On a final note, OCSE is organizing a workshop on "Incarcerated Fathers and the Children They Leave Behind" for the 9th Annual Child Support Training Conference scheduled for September 14, 1999.

Ms. Kane, I sincerely hope that this information will be useful to you in work on behalf of America's fathers. If you have any questions regarding the information contained in this correspondence, please contact Debra Pontisso at (202) 401-4548.

Sincerely,

Paul Legler, Assistant Commissioner
Office of Child Support Enforcement

Enclosures (Attachments A - F)

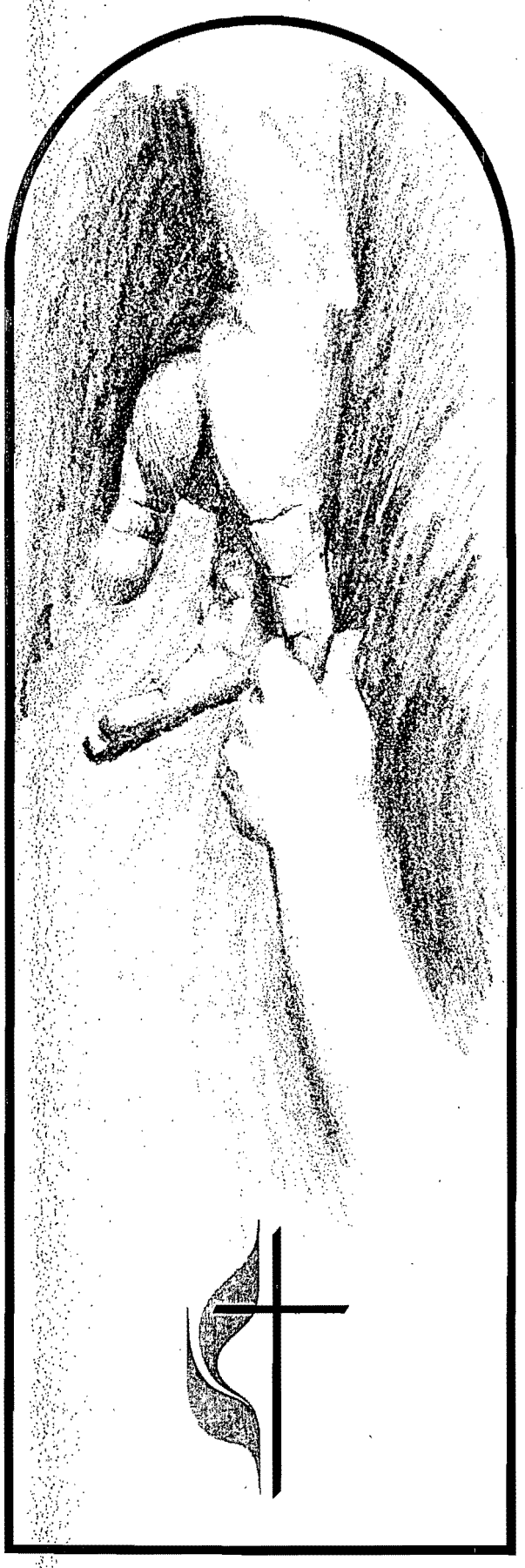
Attachment A

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.



Family & Child Support

PROGRAM HANDBOOK

BALTIMORE - WASHINGTON CONFERENCE

THE UNITED METHODIST CHURCH

Attachment B

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Fatherhood
&
Outreach Partnering

Communities of Faith – Communities of Service

Communities of Faith:

- The YMCA of the USA

  A partnership has been established between OCSE and the YMCA of the USA. This partnership calls on the YMCA and specifically its "Y Family Resource Centers to work with state 4-D Directors and local child support personnel to provide services to strengthen fragile families. The intent of this partnership is to link the 2200 YMCA's in the United States with child support offices in communities. All 4-D Directors have been notified via a "Dear Colleague" letter to have local office contact local Y's.

- The Salvation Army

  A partnership is in the process between OCSE and the Salvation Army. The Salvation Army is split into regions of authority and the regional commanders are responsible for working out a strategy to support fragile families and fathers. OCSE will be following up with the Salvation Army's National Social Services Consultant to finalize the partnership.

- The United Methodist Church

  A successful partnership has been established between OCSE and The United Methodist Church – Baltimore / Washington Conference and has resulted in the publication of a booklet entitle: "Family and Child Support". This handbook explains what child support is and how local congregations can get involved with families in crises and support fathers in becoming active participants in the lives of their children (Even if the parents are not married).

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- The Call to Renewal

  OCSE is in the process of establishing an agreement with The Call to Renewal to have a seat at all of its community round tables around the country. These round tables, currently located in 29 major metropolitan areas, bring together individuals of different faiths and denominations, as well as civic leaders, politicians and business People to talk about poverty and the amount of children being raised in single parent households. The call to renewal understands that one of OCSE's goals is to reunite the absent parent with the family in support of his (or her) children.

- The Church of God and Christ

  This is a large African-American denomination that the National Center for Strategic Planning and Community Leadership (NCPL) has put us in contact with. There are some 2000 of these churches across the country. They have been reluctant to work with NPCL and or OCSE in the past because much of this church's membership views OCSE in a negative light. OCSE will be working with NPCL to establish a relationship with this church community in an effort to support fathers with fragile families.

- The Congress of National Black Churches (CNBC)

  The CNBC is an association of approximately 60,000 churches. With 70% of all African-American Children being born out of wedlock, an emphasis is going to be on father involvement. The church's goal is marriage, but understands that this is simply not possible in all situations. OCSE has made only initial contact with this group. However the group is receptive to working with us.

- Christian Relief Services (CRS)

  This is an organization headquartered in Virginia and has operations around the country and around the globe. It has quite a few organizations under the umbrella of the CRS. These organizations include: "Running Strong for American Indian Youth", "Affordable Housing" and "Americans helping Americans". All of these groups deal with families in crises and children in need. OCSE has met with the Executive Director and is working toward a partnership.

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- Prison Fellowship

  Prison Fellowship is a faith-based organization founded by Chuck Colson whose mission to bring the word of God to those incarcerated thereby creating in them a "new birth and growth to maturity". This organization recently adopted a focus to support not only the incarcerated but also their children and families. It promotes responsibility and taking care of ones obligations. OCSE has met with this organization's Sr. Vice President for Research and Ministry Development and is hopeful of establishing an alliance with them.

- Catholic Charities

  OCSE has had initial conversations with Catholic Charities, which is the nations largest faith-based provider of services to those in need. OCSE will be following is support of establishing a formalized relationship.

- Lutheran Social Services

  Another faith-based provider of services to those in need. They seem to be very interested in working in support of fragile families (fathers). They are starting a national Children's Initiative to support children in need and it is the intent of OCSE to see if it is possible to piggyback child support information along with their planned distribution of information.

- National Council of Jewish Women

  In approaching this group, OCSE has been asked to submit an article on child support and fragile families for inclusion in its national newsletter. Once this has been done and feed back received regarding the article's subject matter, they will consider further discussions regarding working collectively.

- The Presbyterian Church of the United States

  This denomination has declared the year 2000 to be the "Year of the Child" and therefore is open to discussions with OCSE about supporting fragile families and children in need.

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- The Arch Diocese of Little Rock and Arkansas

  OCSE personnel was contacted while in Little Rock for a child support conference about doing a pilot program in Little Rock to support fragile families and to aid non-custodial parents (fathers) in becoming better parents to their children.

There is a database of other faith-based organizations yet to be contacted.

Communities of Service:

- Goodwill Industries International Inc.

  This group has been receptive to discussions regarding assisting fathers with fragile families. No formalized relationship or partnership has been established as of yet. However, discussions continue.

- The Boy Scouts of America

  This group has been contacted to try approaching the problem of single parent families from a couple of different perspectives. The first is by educating the Boy Scout constituency on values that place families and children first. On what responsible fatherhood is all about, and secondly, by providing information to members and custodial parents on child support and programs designed to support child by involving both parents in the life of their child. No partnership has been established to date, but discussions continue.

- The Children's Foundation

  A non-profit foundation with the mission of supporting children through better health and living. This would include the involvement of both parents in the lives of their children. This organization has requested an article be written for its national newsletter prior to further talks.

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- The National Trust for the Development of African- American Men

  This is a small organization that works with incarcerated men teaching them responsibility and doing the right thing when they get out (if they get out). The responsible thing with respect to OCSE is paternity establishment, paying child support, developing a supportive relationship with their children and working on relationships with the custodial parent. All of which will be of benefit to the child or children in question.

- The National Black Child Development Institute

  This group has been contacted and is interested in speaking further regarding a possible partnership.

- The Elks

  This well-known service organization has been contacted and a member of its Executive Committee has expressed some interest in working with OCSE in support of Fragile Families. No agreement has been discuss to date.

There is a database of other service or community-based organizations yet to be contacted.

Attachment C

QUESTIONS AND ANSWERS
CHILD SUPPORT ENFORCEMENT

Review and Adjustment of Child Support

QUESTION

This year's budget proposes, in FY 2001, to reinstate the pre-welfare policy of mandatory review and adjustment of child support assistance cases. What is this? Why is it being done? How much money does it save?

ANSWER

- Prior to welfare reform, periodic reviews of child support orders were mandatory. Current law only requires child support agencies to notify parents at least every three years of their rights to request reviews of the their child support orders. This proposal returns to pre-welfare reform policy and requires States to conduct reviews of orders at least every 3 years in cases receiving assistance under the Temporary Assistance for Needy Families and Foster Care programs and adjust appropriately. This change will likely help families and/or reduce reliance on food stamps, medical, emergency assistance or other public benefits.

- Reviewing these cases will save money in terms of both increased child support collections and reduced costs in Medicaid and CHIP. Starting in FY 2001 and over a five-year period, it should save approximately $160 million dollars while helping families get the assistance and support they need and deserve.

- Since States are still completing their systems and assuring Year 2000 compliance, we have chosen to start this proposal in FY 2001 to give them enough time to prepare for this change.

Attachment D

FATHERHOOD INITIATIVES
Office of Child Support Enforcement
Administration on Children and Families
Department of Health and Human Services
July 1999

DRAFT

"FRAGILE FAMILIES" DEMONSTRATION INITIATIVE

- In a unique partnership, OCSE and the Ford Foundation are supporting the Partners for Fragile Families Initiative for the purpose of assisting low-income to receive the employment and parenting skills that would enable them to assume financial and emotional responsibility for their children. This three-year grant was awarded to the National Center for Strategic Non-Profit Planning and Community Leadership (NPCL) – a non-profit organization -- who has been primarily responsible for training thousands of community-based service providers on effective practices for working with fathers (e.g., Fatherhood Development Workshops). NPCL has also been involved in hosting a handful of Peer Learning Colleges around the country as a way for national child support and public policy experts to identify systemic barriers which discourage rather than encourage and support a father's involvement in the life of his child. NPCL is interested in ways to overcome these barriers. The grantee has also convened regional and national meetings in addition to an international conference on fatherhood

	OCSE Funding	**Ford Foundation Match**
End of:		
FY 97	$541,025	$630,367
FY 98	$548,926	$740,768
FY 99*	($557,421)	$912,150
TOTAL	**$1,647,372.**	**$2,283,285.**

- original figure estimated by grantee that is needed for 3rd and final year of OCSE portion of the grant program.

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"RESPONSIBLE FATHERHOOD" DEMONSTRATION PROJECTS

3-year grants **TARGET POPULATION**: unemployed, under-employed or low-income fathers

	FY 1997	FY 1998*	FY 1999*
	* **Approximately same "rounded" dollar amounts**		
1. Colorado	$248,593	$249,000	$249,000
2. Maryland	$272,414	$272,000	$272,000
3. Missouri	$136,341	$136,000	$136,000
4. Wisconsin	$250,000	$250,000	$250,000
5. Massachusetts	$250,000	$250,000	$250,000
6. California	$250,000	$250,000	$250,000
7. New Hampshire	$ 81,868	$ 83,000	$ 83,000
8. Washington	(waiver)	(waiver)	(waiver)
SUB-TOTAL	$1,489,216.	$1,490,000.	$1,490,000.

Combined Total: $4,469,216.
Plus + Multi-Site Evaluation/Data Collection + 733,000.

GRAND TOTAL: $5,202,216.

PROJECT HIGHLIGHTS

CALIFORNIA (San Mateo County) Supportive Services for Non-Custodial Parents"
Services Provided: mediation, supervised visitation, visitation enforcement, parenting education, employment assessment, job placement services, and family support services. Contact: Peggy Jensen, San Mateo Co. District Attorney, (650) 363-4598.

COLORADO **"Services for Non-Custodial Parents"**
Services Provided: A) Employment Related Services (i.e., job search assistance, opportunities for education and skills training, job coach and mentoring, work skills management, job placement assistance, on-the-job training; paid work experiences, skills training coupled with part-time employment; B) Enhanced Child Support: identification of eligible non-custodial parents via in-hospital paternity establishment or other child support services; C) Peer Support and Case Management: counseling, education, peer support, mentoring, and case management; D) Referral to Social Services: substance abuse, anger management, domestic violence, counseling psychotherapy; E) Mediation and Pro Se Legal Assistance: re: custody and visitation arrangements, access problems, mediation, supervised visitation, etc.; and F) Support Services for Mothers: support group involvement, counseling interventions, parenting education, etc. Contact: Pauline Burton, Colorado Division of Child Support, (303) 866-5994.

MARYLAND **(South Baltimore and Charles County) "Responsible Fathers Demonstration Projects"**
Services Provided: (Targeted to young fathers-to-be and those young men who just became fathers). Paternity establishment, mediation, pre-employment training, job readiness training, job placement services, parenting classes, child support and fatherhood "motivation" services. Contact: Audrey Clark, Maryland Dept. of Human Resources, (410) 767-7547.

MASSACHUSETTS **(Parts of Boston & Suffolk County) "Non-Custodial Parents and Their Relationship to Child Support"**
Services Provided: Case management, fatherhood development and peer support curriculum, employment and educational services, resource center for child support enforcement and visitation issues. (Via the Access and Visitation Grant – parent education, community outreach and visitation services). Contact: Richard Claytor, Massachusetts Dept. of Revenue, (617) 577-7200 x30679.

MISSOURI **(Parts of Kansas City and the rural counties of Cape Girardeau, Perry, and Bollinger "Proud Parents Project"**
Services Provided: (Targeted to unwed fathers with children under 5 years of age who have established paternity). Services include: a) One-Time Workshop covering fathers rights, attachment and bonding, and communications with mothers; b) Mediation services to discuss parenting time and financial support; c) Supportive services (i.e., child care); d) Employment-related services such as employability assessment, job

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search, job retention, skills training by the Private Industry Council, and education and GED opportunities. Contact: Paula Diller, Missouri Dept. of Social Services, (573) 526-5445.

NEW HAMPSHIRE (Two towns in Merrimack County) "Project Phoenix"
(Targeted to non-custodial parents who have trouble meeting their child support obligations via poor work history, chronic unemployment, or lack of a high school diploma or GED). Services include: assessment, counseling vis-a-vis employability, job readiness classes, self-esteem referrals, vocational rehabilitation referrals, case management, etc. Contact: Jean Marston, NH Office of Child Support, (603) 271-4436.

WASHINGTON (Takoma – Pierce County) "Devoted Dads Project"
(Targeted to families and young men under 24 and their custodial mothers who earn less than the poverty level whose children are under 8 years). Services provided: Public information campaign, self-help center for resolution of access and child support problems; peer education re: paternity, child support, teen parenting, pregnancy prevention in conjunction with high schools. Fatherhood and parenting development, personal counseling, and family assistance; paternity establishment and child support services; 12 month educational and employment contract for each enrollee including: employment programs, GED, Post-Secondary education, and employment. Education on personal development, life skills, responsible fatherhood, relationships, health and sexuality. Contact: Karen Wheeler, Takoma Regional Office, Washington Child Support Enforcement, (253) 627-1545 x4628.

WISCONSIN (Racine) "Team Parenting Demonstration Project"
(Targeted to unwed parents – primarily fathers -- that are under-employed and do not have paternity established for their children). Services Provided: Case management for both parents and includes an initial assessment, development of personal plans, and joint parenting plans including the monitoring of visitation agreements. For the target group (unwed fathers), employment services via Workforce Development Center, responsible parenthood programs, and child support services. Contact: Carol Henry, Wisconsin Bureau of Child Support, (608) 266-0252.

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GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

Description: Passage of the welfare reform legislation in 1996 included the funding of a new child support program initiative -- "Grants to States for Access and Visitation". The purpose of this block grant program is to establish projects that would enable non-custodial parents to become more personally involved in the lives of their children and to help both the custodial parent and non-custodial parents resolve their parenting differences. Eligible activities include: mediation (both voluntary and mandatory), counseling, parenting education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop off and pickup), and development of guidelines for visitation and alternative custody arrangements.

Funding: $10,000,000 annually beginning in FY 1998

Funding To Date:		
	FY 1998	$10,000,000
	FY 1999	$10,000,000

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WORK AND FAMILY PILOT PROJECT (a.k.a. "Incarcerated Fathers)

Description: The Office of Child Support Enforcement (OCSE) awarded $300,000 in FY 1998 funds to the State of Colorado to support a demonstration and evaluation program that will provide employment, child support, and family re-integration services to ex-offenders with minor age children. The goal is to help ex-offenders assume partial responsibility for the financial and emotional needs of their children.

This project is a collaboration between the Colorado Department of Corrections, the Colorado Department of Child Support Enforcement, the Colorado Department of Labor and Employment, and the Center for Policy and Research.

Population to Be Served: Ex-offenders with minor-aged children who are released to Denver County. The project expects to serve at least 300 ex-offenders within a 12-month period.

Funding: **FY 1998** **$300,000**

NATIONAL PATERNITY VIDEO FOR UNWED PARENTS

Purpose: To provide over 1.2 million unwed parents (per year) with information on the importance of voluntarily acknowledging their child's paternity shortly following birth at the hospital. It is also intended to increase the number of unwed parents who voluntarily sign a paternity acknowledgment, thereby creating a legal relationship between the father and his child. There is a significant emphasis placed on the important role that fathers play in the financial and emotional well-being of their children.

Funding: **FY 1998** **$45,000**

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OCSE & HEAD START PARTNERSHIP

The Office of Child Support Enforcement (OCSE) and the Head Start Bureau of the Administration of Children and Families are engaged in a joint initiative to promote child support enforcement services for single-parent families in Head Start. In October 16, 1996, this unique program collaboration was established via a joint letter signed by Judge David Ross, OCSE Commissioner and Helen Taylor, Head Start Associate Commissioner, and forwarded to all State Child Support Directors and every Head Start Program Director nationwide. Child support handbooks have been distributed to each Head Start Program Director and, in addition, State Child Support Directors have been instructed to work with local Head Start Programs on developing an effective referral process. This inter-agency collaboration has taken on added import since Congress passed legislation in 1998 that directs all Head Start Programs to inform custodial parents in single-parent families about child support services and to refer eligible parents to a child support agency.

Funding: n/a

Attachment E

The Impact of the Earned Income Tax Credit And Other Social Policy Changes On Work and Marriage in the United States

By
David T. Ellwood
John F. Kennedy School of Government
Harvard University

February 1999 Draft

The paper was prepared for a working conference, "Income Support, Labour Markets and Behaviour: A Research Agenda", organized by the Department of Social Security in conjunction with the Centre for Economic Policy Research, Australian National University. The author acknowledges the generous support of the MacArthur Foundation. Thank you to Elisabeth Welty for her excellent research work and to Carol Knell for her fine assistance.

The Impact of the Earned Income Tax Credit And Other Social Policy Changes On Work and Marriage in the United States

By
David T. Ellwood

This paper focuses on the behavioral effects of policy, particularly the Earned Income Tax Credit (EITC) in the United States. All social policies create incentives, and most create at least some incentives that are undesirable in the eyes of policymakers. The EITC is rather unusual among social policies, for it creates a mixture of incentives. For some it serves as a strong work incentive; for others, it is a work disincentive. Similarly, the EITC rewards marriage among some and penalizes it among others. By contrast, traditional means tested benefits usually create unambiguous work disincentives and marriage penalties. The fact that the EITC also contains positive incentives is one of its appeals.

Even more important than understanding the incentives created by various policies is understanding their behavioral significance. Just because a policy could discourage or encourage marriage in theory does not mean its actual impact on marriage will be large enough to alter policymakers' decisions. This paper examines the incentives and behavioral impacts from the recent rapid expansion of the EITC in the U.S. in combination with welfare reform.

I find that the EITC has a strong positive effect on work by single parents, a somewhat more modest negative effect on the work of some married mothers, and no discernable effect on marriage one way or another. The finding on marriage is reassuring for now, for the policy penalizes marriage for far more people than it rewards.. Overall,

it appears to me that the EITC in the U.S. context is operating in roughly the way its proponents had hoped, though the discouragement of work by married mothers may trouble some policymakers. It successfully boosts the income of low wage working parents and it encourages work by those who might otherwise be on welfare. But I also conclude that the marriage penalties are potentially troubling in the long-term, and that policymakers may want to look for ways to make the EITC more marriage friendly.

U.S. Economic Trends

Before turning to the specific incentive questions, it is helpful to explore the rough outline of the current larger economic and social trends in the U.S. Four powerful and interactive forces are changing the economic and social landscape for children in the United States:

- Since the early 1970s, the widely documented growth in wage inequality for both men and women, including the apparent decline in earnings of men in the bottom 2/3s of the wage distribution, has hurt children in families at the bottom while helping those at the top.

- The dramatic increase in labor market work by mothers, particularly married mothers, has helped to offset some of the losses of men in two-parent families toward the bottom of the income distribution while heightening the gains for higher income husband-wife families. The overall effects of increased work by wives has been to increase family income inequality as earnings gains were far greater among wives married to higher income men.

- The rapid rise in the fraction of children in single parent families has lead to even further deterioration of the economic situation of many children.

- A series of social policy changes, particularly changes in welfare and the Earned Income Tax Credit (EITC), have sharply altered the sources and nature of government income support, and seem to have altered behavior of certain adults.

Figures 1 and 2 illustrate the trends in earnings of full-year, full-time workers by wage percentile for men and women since 1961. They show the change (in %) in the pay

since 1961 for workers at various levels of the wage distribution. If wages for all groups were growing at the same rate, the lines would all line up together. And that is precisely what happened in the 1960s—that was a time of shared prosperity. The 70s were a time of some wage divergence, but primarily shared stagnation. But starting in the late 1970s, the wages of people at the top and bottom began to diverge sharply. Indeed for men, using the official adjustment for inflation, wages are lower for all those below the 75th percentile. Those at the bottom of the wage pyramid earn dramatically less than equally situated workers did in the 1970s. For women, there was also a significant widening in pay, but the underlying trend in the 80s and 90s was upward. Women at the bottom saw few gains, but women in other quartiles saw some growth in pay. As a result, the gap in pay between men and women narrowed, though men continue to earn considerably more than women.

Along with, and perhaps in part because of, the change in male and female wages, there was a very dramatic rise in the level of market work by women, particularly mothers. Figure 3 shows that the labor market employment rate among married mothers rose from 27% in 1963 to 65% in 1997. Note that the change in work by single parents was somewhat less dramatic, rising during part of the period, remaining largely unchanged throughout the 70s and 80s, and finally rising sharply in the 1990s. This last upswing will be a major focus of our attention shortly. The critical point for this part of the story is to recognize that women with children are working in the labor market more.

Just what these trends mean for children in husband-wife families varies. On the one hand the fact that men were often faring poorly undoubtedly hurt children. On the other, the rising market work and pay of mothers might wholly, or in part, offset the

declines for men. When one looks at combined family income in husband- wife families, one does find that declines in the earnings of husbands in the bottom third of families is partially offset by increased earnings of wives.[1] Overall, though, the total earnings of husband-wife families in the bottom third have fallen since the 1970s. By contrast, for families in the top third of education, both male and female earnings rose dramatically, and thus family income at the top rose sharply. The overall effect of women earning more was to magnify the trends in male earnings alone, so family incomes became more unequal among husband and wife families in the 1970s and 1980s. And in all families, parents are spending more time working outside the home and presumably have less time available for the children.

But this is not the entire story for children. Throughout this period, the fraction of children living in lone-parent families grew rapidly (Figure 4). Such families are far more likely to have low earnings than are two parent families. The reasons are obvious: most lone parents are women, there is only one potential earner, pay is less for women, single mothers earn about as much as comparable married mothers, and government benefits come nowhere near to providing income equivalent to that of husbands. In recent years, single parents have been working more and, like most women, their wage rates have risen somewhat on average. But some forms of government aid have also been cut sharply, so incomes remain quite low.

As a result of these trends then, the situation for children has become far more unequal in the past 18 years. When one combines the effects of changing work and wage patterns, family structure changes, and government benefits, one finds that the real family

[1] See Ellwood (1998).

incomes for children in the bottom third have fallen by 26% since 1979, while those in the top third have risen by 27%.

Trends in Social Policy

The saga of U.S. social policy over this period is an intriguing one. Given the deterioration of the economic position of some children, some might have expected an increasingly generous means tested benefit system. In fact, we have seen the opposite. Since the 1930s, one of the principal ways of supporting poor children was the Aid to Families with Dependent Children (AFDC) program. (For reasons unknown to this author, unlike the usage in nearly all other countries, in the U.S. only the AFDC program, and perhaps the food stamp program, is labeled "welfare". Other forms of social insurance are not included in the term "welfare".) This program was designed primarily to help low income single parent families with children. States set their own benefit levels, and the states and federal government shared in the costs.

AFDC was designed at a time when few married mothers worked and when most single parents were widows. As we saw on Figure 3, by 1985, married mothers were working outside the home more than single mothers were. And the vast majority of single mothers were divorced, separated, or never married—events seen at least in part as "voluntary." Indeed the entire rise in single parenthood since 1980 can be traced to increasing numbers of never-married mothers.

These trends seemed to weaken sharply the argument in the U.S. that the government should provide aid to allow single parents to remain home to nurture their children. "If married mothers are being forced to work and pay taxes by economic necessity", so the argument goes, "then it is reasonable to expect single mothers to do the

same." By the early 1990s, more than 90% of Americans felt it reasonable to expect single parents to work.

Support for the AFDC system as a means-tested cash aid program had always been weak, and it diminished further as presidential candidate Bill Clinton ran on a platform to "end welfare as we know it." Clinton's original plan called for two years of cash support followed by a requirement to work, with government jobs provided if necessary. But the plan never passed. Instead in 1995, the Republican Congress passed and Clinton signed a bill which required work after 2 years but offered no guarantee of a job, set a lifetime limit on aid of 5 years, and otherwise largely left states free to decide how to aid low income families. The federal money was converted to a block grant with few strings attached. AFDC was relabeled Transitional Assistance for Needy Families (TANF).

States have responded in a myriad of ways. Sharp benefit reductions have been rare, but states have worked actively in other ways to move people off welfare quickly and to keep them from coming on in the first place. Consider two examples. In one southern state persons seeking aid are required to get a form signed by 6 employers saying the person applied for a minimum wage job and was turned down before they can even begin the application process. Once they get enrolled, if they are penalized twice for failure to meet some key administrative/work requirement, they are barred for life from seeking aid. In one northern state, no aid is provided unless the person is working. In that state, when applicants claim they really cannot find a job, the providers of TANF will in some cases provide one for them for a limited duration, but aid remains tied to working. (Why name Wisconsin, but not the "southern state"?)

While support for AFDC was evaporating, the public maintained considerable sympathy for the working poor. Clinton called them the group who "play by the rules", but "get the shaft". Thus at the same time that there was a strong push to limit welfare, or at least impose work requirements on "welfare" recipients, there was a simultaneous initiative to increase aid to the working poor. It took several forms. President Clinton signed a sizable hike in the minimum wage within two days of signing welfare reform. Health coverage was expanded for the children of working poor families. Child care expenditures were increased. And most importantly, the Earned Income Tax Credit (EITC) was expanded quite dramatically. Indeed the federal government now spends roughly twice as much on the EITC as it does on the federal share of TANF funding.

The Mechanics of the Earned Income Tax Credit

In a period when work is highly valued while wages are falling, and support for people who are not employed has diminished, the EITC seems a well-targeted policy. It is an earnings credit for families with children. By 1996, a low-income family with two or more children would receive a 40% refundable tax credit for each dollar earned, up to a maximum credit of $3,556. For any two-child family with earnings below $8,900, the EITC has the effect of making a $5.25 minimum wage job pay up to an extra $2.10 per hour. (This range of earnings, between $0 and $8,900, where each new dollar of earnings brings still more EITC, is called the phase-in range.) The maximum credit for a family with one child in 1997 was smaller—roughly $2,200 but still sizable. Because the EITC is refundable and administered through the tax system, it is easy to claim and people get it whether or not they owe taxes so long as they submit a tax return.

But to keep costs of the program manageable, the EITC begins to phase out when family income climbs above roughly $12,000. Benefits are reduced roughly 20 cents for each dollar earned over that figure. By the time family income reaches $29,000 the EITC is fully phased out. Figure 5 shows the amount of EITC received for a family by level of earnings and size of family. (Note that there is a very small EITC available even for childless couples and individuals.)

- The EITC clearly helps to overcome some of the problems created by the widening distribution of pay illustrated on Figures 1 and 2. For the lowest income families, it represents a 40% pay raise. It also helps single parents when the mother is working. But in cases where the parents are unable or unwilling to work, the EITC does nothing.

Incentives of the EITC

It is useful to contrast the incentives built into the EITC with those of traditional means tested programs. In such "welfare" programs, benefits are highest when other income (typically earnings) is lowest. Then as earnings rise, benefits decline. The benefit reduction rate is effectively a tax on earnings. Moreover, the added income provided to families reduces the pressure to work. Together the tax and income effects create an unambiguous work disincentive. Traditional means-tested programs also create a strong marriage penalty. Since people who marry will typically have higher income than an unmarried parent on his or her own, means-tested benefits will usually decline sharply when a single parent marries. Countries are often quite willing to accept such incentives in order to accomplish a larger goal—the support of needy, low income families and children. Still it seems important to understand the behavioral magnitudes. Thus scholars interested in incentive effects of such programs look both for work reductions

and marriage reductions as a result of the program. The theoretical direction of "welfare" programs is unambiguous; the empirical magnitudes are uncertain.

The fact that the EITC both phases in and phases out as earnings rise makes the incentive effects of the program more complicated. The phase-in, where benefits rise along with earnings, creates an incentive to work, while the phase-out, when benefits start phasing out when earning get above some level, creates potential disincentives. Moreover, the nature of the incentives also varies depending on whether a family has only one potential earner or two.

First consider the work incentives for a lone parent family. One of the peculiarities of the EITC in a single earner family is that it dramatically lowers *marginal* tax rates (even turning them negative) during the phase-in, sharply raises marginal tax rates during the phase-out, yet lowers *average* tax rates throughout the range. Thus for a lone-parent considering whether to work or not, the EITC serves as an unambiguous incentive to do some work because she can only get an EITC bonus by working. For those already working, the extra EITC income and the higher effective tax rate in the phase-out range could lead to some reduction in hours. But given the rigidity of hours requirements on many jobs and the fact that many taxpayers may have a very hard time distinguishing between marginal and average tax rates, one might be skeptical that single parents who are already working would reduce hours much. Generally then we should expect an EITC to increase work by single parents, especially those with low potential wages.

Next consider the incentives in a two-parent family. If only one parent works, the situation is the same as the case for a single-parent home. There is a powerful incentive to

work. But what if one parent is already working and the second parent considers entering the labor market? In this case, the increase in earnings of the second worker could dramatically reduce the amount of the EITC received. As a result, in two-parent homes, where the first worker is earning between $10,000 and $29,000, the EITC serves as a work disincentive to the second parent.

Marriage incentives are equally complicated. To get the highest possible EITC, a family needs modest earnings and two children. Thus if a non-working single mother married a childless man who was working, the EITC would provide a marriage bonus. His earnings combined with her children allow them to receive the EITC that neither would receive otherwise. But if a working single mother who is already getting the full EITC marries a working man, their combined earnings may lead them to lose the entire EITC. In the rare worst case scenario, a single father living with two children, working and getting the EITC, could marry a working single mother who also has two children and who also gets the EITC. After marriage, they could lose over $6,000 in EITC benefits because their combined income pushes them above $30,000 and their EITC is fully phased out. Thus the EITC can provide a marriage bonus to a non-working single parent and a marriage penalty to a working single parent.

Complicating the picture still further is the fact that people can, in principle, qualify for both means tested and EITC benefits at the same time, and they will typically face other taxes and may have child care expenses. We can see both the individual and combined incentive effects of these programs with the help of a couple of charts.

Let us begin with the situation as it stood in 1986. There was a small EITC and moderate levels of means tested benefits then. Consider a low skilled woman with two

children who would earn $10,000 annually (1996 dollars) if she chose to work whether she was married or not. She might also marry a man who earns $15,000.[2] Table 1 shows what her family's disposable income would have been in 1986 under different combinations of work and marriage.

Suppose the single parent is considering whether or not to work. If she did not work, she would have received $8,563 in means tested aid and she and her children would have been covered by government health insurance (Medicaid). If she went to work at a job paying $10,000, her AFDC and food stamp benefits would fall dramatically, she would incur child care costs, and she would be expected to pay taxes. Her overall income would rise only about $1,625 to $10,188. In effect her tax rate was 84%. Plus her family would lose Medicaid, which would easily be worth $2,000 so the effective tax rate may well exceed 100%.

Table 2 shows how dramatically things had changed by 1996. A large EITC had been instituted, means tested benefits had been cut, medical care was usually offered to children of poor working families, and child care aid was often available. As a result the income of a similar single parent going to work in 1996 would rise from $7,513 to $14,253. The EITC and other benefits helped overcome the negative incentives of means tested benefits. And her children (under age 14) would retain their Medicaid. Look also at what happens to the situation of a husband-wife family with a single $15,000 wage earner. In 1986, the family would have had $15,311 and no medical benefits. By 1996 this working poor family would have gained an additional $3,162 thanks to the EITC and

[2] In fact, the median women in the bottom third of the predicted wage distribution earned $10,000 in 1996 if she worked at least 26 weeks, and if a woman in the same bottom third was married, her husband earned a median of $18,000.

the children would be covered by Medicaid. The EITC and other targeted benefits for working families clearly reward working poor and near-poor families.

Yet this is not the end of the incentive story. The impact of the EITC on work incentives becomes more clear in Table 3 which illustrates the work incentives. The last columns in the table illustrate:

- For a low wage single-parent, the payoff to taking a $10,000 per year job has risen from roughly $1,600 in 1986 to over $6,700 in 1996, a very sizable increase in work incentives.

- For a low wage mother married to a low income man, rewards to working are cut nearly in half, with the net increase in income from a $10,000 job falling from $4,800 in 1986 and to less than $2,600 in 1996. Married mothers in 1996 face a tax rate nearly as high as single mothers did in 1986. And the family also faces a potential loss of medical coverage. Of course, the incentives need not be seen from the view only of the woman. One could just as easily say that if the mother works, the father faces strong work disincentives.

Many people might regard this outcome as a perfectly reasonable compromise. If the goal is to discourage welfare "dependency" and ensure that working families avoid poverty, the EITC looks appealing. Some might worry that low-income husband and wife families are discouraged from sending both workers into the labor market. But one could just as easily claim that an advantage of the policy is that such families will be able to live adequately without the need for sending a second person into the labor market. Still, there is a question of equity for a system that seemingly rewards one group of mothers for working while penalizing another group for doing the same thing.

Is it likely that people will even be aware of these incentives and therefore respond to them? After all, few people seem to even know of the existence of the EITC.[3] Welfare recipients often go to work for brief periods then return to welfare and then

return to work. They should notice how their income changes. Moreover, the EITC typically arrives in a very visible lump sum after one files one's taxes. Some anecdotal evidence suggests that while low-income families don't really understand the EITC in detail, they do realize that if they go to work, they will get a big refund.[4] So for single parents at least, it is reasonable to suppose they might be influenced by the work incentives.

The case is more complicated for married mothers. In their case, the combination of multiple incomes and the fact that the family will still get a tax credit that will mainly go to offset other taxes owed rather than producing a big refund check seems more likely to obscure the overall impact of the EITC. Still, if a family experiments by sending a second earner to work or keeping them at home, they should notice just how much their living circumstances changed. Perhaps far more importantly, in the years when the EITC was being raised, the after-tax income of families with one low wage worker would be rising rapidly. Remember that over a 10-year period, the changed policies raised the real disposable income of the one earner husband-wife family in the example by over 20%. That is the first real raise in income for such families in roughly 20 years. The potential second worker might feel far less pressure or desire to enter the workforce in a period when the family's net income has risen significantly in real terms. Thus even for low income married mothers, it is quite plausible that the income effects of the EITC could deter new labor force participation.

The EITC creates some bipolar incentives for or against marriage as well. Table 4 illustrates the marriage penalties. Looking at the last columns, we see:

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[3] See Eissa and Liebman (1996)
[4] Conversation with Julie Kirksick , Director of the New Hope Project.

- In all years and in all circumstances, there are clear marriage penalties created, largely as a result of the means tested programs, though regular taxes play some role as well. There will, of course, be some compensating advantages, including economies to scale achieved by having to support only one household (though these could be achieved by living together outside of marriage).

- The size of the marriage penalties vary greatly by type of situation and year. In 1986, a *non-employed* single mother faced a $5,800 penalty by marrying a man earning $15,000. By 1996, the penalty was sharply reduced to just over $1,600. Partly the reduction in penalty is caused by the decline in means tested benefits available to unmarried parents. But most of the improvement can be traced to the nearly $3,000 increase in the EITC since 1986. In this case, the EITC serves as a marriage bonus.

- *Working* single mothers who consider marrying face a much larger marriage penalty in 1996 than in 1986. For as the combined income of the husband and wife push people into the phase-out range, the EITC now serves as a marriage penalty. Whereas a working mother marrying a working man suffered a $2,600 marriage penalty in 1986, by 1996 that penalty had grown to nearly $5,800—virtually all due to the loss of EITC and child care aid to lower income working families.

Once again it is fair to ask if people would notice the incentives. It is very clear that people would notice the incentive effects of means tested programs. Few who marry expect to continue receiving welfare, so its loss is quite clear. And it is also possible that people would come to understand that the large visible EITC payment could be claimed either by working oneself, or by marrying someone who works, or by each working part-time. So the rewards to marriage for single parents who are not working in the labor market may be somewhat visible. Still that is questionable.

And the couple least likely to notice marriage penalties is probably the working mother and working man who are considering marriage. The mother would be aware of getting the EITC when she was single, but it seems unlikely that the couple would realize how their taxes would change if they married. And since marriages tend to last at least for extended periods, there is almost no way to implicitly learn about the tax

consequences of being married or not by repeated marriages and divorces. Still, the EITC could discourage marriage among employed single mothers due to an income effect. The EITC increases their income as single working parents, and that may reduce the pressure they feel to marry.

Thus the phase-in of the EITC creates work incentives and marriage rewards for some parents, especially non-employed single parents. And the phase-out creates work disincentives in two-parent homes and marriage penalties for employed single parents. The natural question is just how large are the actual behavioral impacts?

Estimating the Impact of the EITC on Work

There are two potential methods for estimating the effect of the EITC. The first involves the estimation of structural models where the kinks and other features of the budget constraints created by the EITC and other programs are explicitly modeled. One can either use estimates of labor supply elasticities and/or current patterns of work to determine the structural parameters. This is essentially the methodology used by MaCurdy, Green, and Paarsch (1990) and Moffitt (1986). One difficult problem is modeling the complex combination of means tested, EITC, and tax rates facing individuals. Dicket et al. (1995) estimate 1990 cross sectional estimates of labor supply response to net income after accounting for multiple program effects, and then use these to simulate the marginal effects of the expanded EITC. Attansio and MaCurdy (1997) seek to estimate the effect of the EITC on the entire life-cycle of labor supply. More recently Eissa and Hoynes estimated a reduced form model of labor supply for married women relying on variation in tax treatment (primarily the EITC) to judge the influence of the EITC on labor supply.

Though such methods hold the promise of rather precise behavioral estimates, they also suffer serious limitations. First the models usually explicitly assume that the response to a $1 increase in the EITC (or any other financial benefit) will be the same as a $1 increase in earnings. Indeed, the model is estimated by assuming that sample individuals fully understand the true multiple incentives they face. Yet the complexity of such incentives suggest that recipients may not fully understand them or respond appropriately. And to model the incentive effects properly, one really should take account of the wide range of kinks and slopes in the budget set, something that makes estimation nearly impossible.

But perhaps most importantly the recent changes in the incentives facing those who would previously have gotten means tested (welfare) benefits are virtually impossible to characterize quantitatively. I noted previously that some states have dramatically increased pressure to move off of welfare. Their methods have generally not involved dramatically lowering benefits. Rather they have sought other means to divert people from getting aid or for moving people off welfare quickly. The caseloads in several states have declined more than 80%! No model using the implied effects of altered financial incentives or economic effects can explain a change remotely so large. The Council of Economic Advisors to the President estimates that no more than 1/3 of the changes can be traced to economic factors. Thus any attempt to model behavior tightly to financial incentives is bound to lead to biased estimates.

The alternative methodology is to exploit the natural experiments created by the rapid expansion in the EITC. This method was used by Eissa and Liebman (1996) in their path-breaking paper and subsequently by Meyer and Rosenbaum (1998). Both sets

of authors compare the change in work patterns of single mothers (who gained from the EITC expansion) with the change in work of single childless women (who did not). This is essentially a non-experimental treatment-control estimation method. Eissa and Liebman also compare the change in work by low education and high education unmarried mothers. Eissa and Hoynes create a similar comparison between married mothers with children and married mothers without them to estimate the impact of the EITC on the labor supply of married mothers. While one would be unwilling to treat such "difference in differences" estimates as highly precise, they can offer powerful and straightforward evidence of the behavioral impacts.[5]

This paper seeks to extend and exploit the natural experiment method to determine behavioral impacts of the EITC. For each group subjected to sharply different incentives, the implicit goal is to find some sort of control group which faces fewer changes. Although the Eissa and Liebman (1996) and Meyer and Rosenbaum(1998) strategy of relying heavily on childless women as controls seems logical, it does have some obvious problems. First the temporal pattern of labor force participation of the two groups is often different before the enactment of the EITC, so drawing inferences from differential trends afterwards is troubling. And a very large fraction of childless single women already worked even before EITC expansions (.95 using the Eissa and Liebman measure of work), so their employment cannot grow much.

In this paper I will focus primarily on comparing women at different levels of the wage distribution before and after the enactment of the EITC. The idea is a simple one.

[5] Unfortunately Eissa and Liebman do face one problem for which they seemingly take little account: their "treatment" groups typically have initial employment rates of roughly .75 while their controls typically start at .95. A group with a .95 initial employment rate has little room to expand upward. The authors do note this problem in a footnote.

Using the Current Population Survey for 1996[6], I run a basic wage equation in 1996 for women age 18-44 who worked at least 26 weeks using characteristics including age, education, race, and number of children as independent variables.[7] I then use that equation to predict a potential wage in 1996 for all women in my sample, even if they did not work. Finally I break the women into quartiles based on their predicted wages. Here is the innovation. I go on to apply the 1996 wage equation to women age 18-44 in the Current Population Survey in each year from 1980 to 1995. In effect I estimate what their wages would have been in 1996. Finally I use that predicted 1996 wage to place women into predicted wage/skill quartiles for that year,[8] so that one quarter of the women really are found in the bottom quartile of potential wages in each period.

Thus I have a sample of women in each year whose personal characteristics were such that they would have been in the first, second, third, or fourth quartiles of the wage distribution in each year based on the relationship between their characteristics and wages in 1996. All I really have done is break the sample of women into a consistent set of four equal skill/wage groups in each year based on characteristics highly correlated with pay such as education and age.

Since I use this same equation to break people into predicted wage/skill quartiles in every year, I can track what happens to quartiles of similar women over time. And if

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[6] This is the CPS Survey conducted in March of 1997 which asked about income in the previous calendar year.

[7] The preferred way to estimate potential wages is to use a Heckman correction for selection bias due to the fact that some women do not work because their wages are lower. I tried such a correction in several years, and predicted wages again. Though the levels differed as a result of the correction, the rank order changed little. The correlation between the corrected and uncorrected wage predictions exceeded .95. Since we only seek to group people into quartiles, and since I want to estimate equations for well over 350,000 women over 18 years, I relied on the simpler OLS regressions.

[8] One could also create new wage equations in every year. I prefer using the 1996 model since it guarantees I will be tracking very similar people over time. However, I have done all the estimates in the paper using separate year wage equations as well and the results are virtually identical. This indicates that the factors influencing the rank order of wages has not changed much over time.

incentives changed differentially for women in the bottom versus the top skill/wage quartile over time, by tracking the behavior of women in each quartile, I have a natural experiment. I can compare, for example, the work of the single parents in the lowest wage quartile to work by women in the next highest quartile. And I can do a variant on what Eissa and Liebman did: compare what happens to the lowest wage/skill single women with children to the lowest wage/skill women without children.

This method has the advantage that it determines the classification of quartiles independent of behavior of the year in question. People are placed into overall wage/skill quartiles in each year, for example, independent of whether they are married or not, working or not working. Thus if the mix of married mothers changed over time to include more or fewer relatively high skill women, I can still compare similarly skilled women to each other.

There is nothing particularly novel about this approach. I might, for example, have tracked people over time based on education levels. But the mix of education changes over time. In 1979, my first sample year, the fraction of women age 18-44 who were high school dropouts was nearly 20%. By 1996, that figure had fallen to 13%. Thus I would be comparing the behavior of the bottom 20% of women in 1979 to the behavior of the bottom 13% in 1996. This method also largely obviates the need to do regression-corrected estimates. I have already grouped people according to their characteristics.

The usefulness of this approach hinges critically on the notion that the EITC and other policies altered incentives differentially for people in different wage quartiles. Table 5 illustrates how different the work incentives are in 1986 versus 1996 for people

in different quarters of the wage distribution. The first rows show the median level of earnings for all women (regardless of marital or family status) in the quartile who worked at least 26 weeks. These rows provide a rough estimate of what a woman in that quartile would earn if she went to work. The second set of rows show the median amount husbands earn in cases where a woman in this wage quartile is married. These are not perfect estimates of what people might actually earn if they went to work. I use these figures only to illustrate roughly how different incentives were across the groups and over time.

Look first at the situation facing single parents in the lowest potential wage quartile.

- Reinforcing the earlier finding, the table shows that a low skill single mother going to work could hope to earn just $1,500 (not counting the lost Medicaid) in 1986. Her effective tax rate was 84%. But by 1996, the gains to work had risen to $6,200 and her effective tax rate had fallen to 33%.

- Incentives for women in the next quartile also improved dramatically with the tax rate falling from 71% to 37%. Still this is not as great a change as for the lowest skill group.

- And the incentives for women in the highest wage/skill group changed the least. There was still an increased payoff, but the tax rate "only" fell from 56% to 44%.

Thus one should expect to see employment rates rising for unmarried mothers in all groups, but if the EITC's incentives were really influencing behavior, one should expect to see far greater increases at the bottom than the top. I also compare the work patterns of low skilled unmarried mothers to low skilled unmarried women without children.

Next consider what happened to work incentives of married women.

- As we have already seen, for low income women incentives to work were sharply reduced. But they were cut much less for women in the second quartile compared to the first quartile, and incentives actually improved or stayed the same for women in the top two quartiles. Thus I have a particularly good natural experiment. I can compare whether married mothers in the lowest quartile alter their work behavior relative to married mothers in other quartiles.

The fact that work incentives improved for higher income wives is not related to the EITC. The higher income families are not affected by it since the husband earns over $29,000, where the EITC is completely phased out. Rather the improving situation was the result of higher wage rates and tax policy changes enacted in 1986.

In this table I have only compared two years. In fact the EITC has risen in several increments. Originally instituted in 1975, there was a fairly sizable jump in benefits in 1987, followed by sizable annual increases throughout the 1990s. Given the gradual ramping up of benefits and the potentially delayed response as people learn of the incentives, one would expect the behavior responses to show up most dramatically in the 1990s.

My results for work are presented on Figures 6 through 9. Remarkably, every one of the predictions based on the incentives shown on Table 5 seem to be born out. Look first at Figure 6.

- I track very large changes in the behavior of the least skilled/lowest wage group of unmarried mothers. After virtually no change in employment patterns from 1979 to the early 1990s, suddenly employment rates have shot upwards, rising from roughly 30% in 1992 to 45% in 1996. (And 1997 data not used here show that work has risen sharply yet again.) This truly unprecedented rise, which has been noted by numerous others including Liebman (1998), Dicket et. al (1995) and Blank et.al.(1998), seems to offer powerful evidence that incentives can play a major role.

- As predicted, the levels of work also rose for women in the second quartile, though less than for women in the first, and so on up to the highest quartile.

It is important to remember, however, that the United States is in the midst of a long and sustained period of economic growth. Perhaps the women at the bottom are simply finally getting access to work because of the tight labor market. A natural comparison group is childless unmarried women who are also in the low wage category. As one can see on Figure 7, there is virtually no change in their behavior. Thus the results of Eissa and Liebman and others are confirmed here.

I should hasten to note that I doubt that the EITC alone is entirely or nearly entirely responsible for these changes. The pace of alterations in the TANF/AFDC means tested benefit system is startling even for those of us who study the program. People are being encouraged, some might say forced, to leave welfare and find work. Thus it is the combination of the higher EITC, altered "welfare" and a strong economy that has yielded this result. Still the sharply changed economic incentives and the close correspondence between behavioral responses and the incentives generated by the expanded EITC strongly suggest that the EITC played a major role.

I perform a somewhat more formal test of the proposition that behavior really did change in a statistically meaningful way. I compare 1986 with 1996 based on the theory that 1986 was just prior to the beginning of the big growth in the EITC and the economy was stronger then than in the preceding couple of years. The first four rows of Table 6 show what the figure also revealed: employment rose for all quartiles, but it rose more for the lower quartiles. One sees no growth in employment among unmarried low wage childless women.

I then perform some treatment/control comparisons.

- I compare behavior of women in the lowest and highest wage quartile, the lowest and the third quartile (which would give a lower bound since both

groups are affected by the incentives), and single women with and without children. Each of these comparisons yields an estimated effect of between 8 and 16 points. All are statistically significant.

Consider next the situation facing married mothers. Figure 8 examines their behavior. Once again the responses are remarkably consistent with the altered incentives.

- Up until roughly 1987, the employment rates of married mothers at all potential wage levels was rising pretty much in tandem. Then abruptly the rises ceased for the low wage group only—the only group whose incentives were sharply altered by the EITC.

This change is particularly surprising in the light of two other facts. The earnings of husbands in the lowest wage group were falling as the wage of less skilled men fell. That decline would ordinarily have been expected to lead to a disproportionate rise in the work of the low wage women. Second, I surmised that the strong economy might have played a role in the sharp rise in employment of low wage single mothers. Yet this group of low wage married mothers saw almost no change at all. Note that in this case changes in the welfare system are not much of a factor. Married mothers virtually never would qualify for benefits before or after this period.

There is an alternative way to test the significance of the EITC. Some married women with low predicted wages are married to men with high enough earnings that the family does not qualify for the EITC whether or not the woman works. In other cases, the man's income is so low that work by the mother would actually increase the EITC benefits. Thus a powerful natural experiment would be to compare the employment patterns over time of low wage women whose incentives are adversely affected by the EITC to comparably skilled women who have neutral or positive work incentives. I simulated for all married women with children in my sample whether or not their EITC payments would rise or fall or be unchanged *if they had been facing the EITC rules as*

they existed in 1996. Thus I track over time the low wage women where the expanding EITC discourages work and compare them to other low wage women.

Figure 10 shows the result of that estimation. These results again appear to confirm the earlier results.

- Women for whom the expansion in the EITC would have either no effect on work incentives or increase them started at a lower employment rate in 1986 than women for whom the EITC expansion would worsen incentives --. 37 versus .42. Yet after the expansion, work by the group with disincentives was unchanged, while work by the other low income married mothers rose by 5 percentage points.

I should note that this result is more sensitive to estimation methods than others in this paper, and one can see higher and lower estimates depending on the method used.

In Table 7, I once again perform more rigorous statistical tests of what these graphs show. Here the tests are strong, but not quite as conclusive. All show a depression of work by from 3 to 8 percentage points. But a few of the comparisons do not meet standard levels of statistical significance. Based on the graphs, however, it seems likely that had I pooled years, I would have found all of these tests significant. These results are consistent with the projections of Dickert et al. (1995) and the preliminary findings of Eissa and Hoynes (1998). The latter estimate that, overall. the labor force participation of married women fell by 1 percentage point. This seems quite similar to a 4-5 percentage point change for the bottom quarter of married mothers.

One obvious question is whether the EITC on net increased or decreased work by women when one combines the positive work effects for single mothers and the negative ones for married mothers. Based on the number of mothers in each group affected, the EITC still results in a considerable net increase in work by women.

Thus I again have evidence that the incentives of the EITC really do influence work, both positively and negatively. For me the most powerful evidence is the comparison between low wage married and unmarried mothers in Figures 6 and 8.

- Employment rates for low skill *single* mothers start rising for the first time in 10 years. Meanwhile employment rates for comparably skilled *married* mothers level off for the first time in a decade. That such wildly divergent patterns should emerge for equally skilled women seems inevitably linked to incentives.

As a result of the changed social programs and incentives, for the first time since the late 1970s, the employment rate of unmarried mothers is once again as high as that of married mothers. Earlier, I hypothesized that the fact that married mothers became more likely to work led to diminishing support for welfare and similar programs of support for low skill single parents. It is interesting to contemplate whether this recent reversal of work patterns may influence the political winds.

Marriage Penalties and the EITC

We have already seen that the EITC creates a strong marriage bonus for low wage, non-working single parents. And it creates an equally large penalty for a working single parent. Several authors have sought to estimate just how many people are actually affected by the penalties and bonuses. Feenberg and Rosen (1995), Stuerle (1998), Whittington and Alm (1997) and Congressional Budget Office (1997) all seem to estimate the size of the marriage penalty based on the observed work earnings of men and women who are married. In effect they ask, if the couple split up and the earnings of each partner were unchanged after the separation, would the couple's taxes rise or fall. Dickert-Conlin and Houser (1998a) simulate marriage among low income unmarried women and men and separation among married couples and compare their tax liabilities

before and after. Invariably these authors find that while the EITC is neutral for many couples, far more couples face an EITC marriage penalty than an EITC marriage bonus. The difficulty with these methods is that it ignores the question of whether behavior would change before or after marriage. And in making these estimates, it is often unclear which person would get the children if the couple divorced.

Perhaps a better way to examine how many people get a marriage bonus versus a marriage penalty from the EITC is to track a sample of couples who got married in a period before the major EITC expansion. One can then simply count how many would have gained or lost from the EITC that was in place in 1996. Fortunately the Panel Study of Income Dynamics (PSID) has been tracking 5,000 U.S. families for many years. After a marriage, the new spouses were asked about their situation in the year prior to marriage.

I observed 1,671 marriages for women in the PSID between 1983 and 1991 that could be used in this analysis[9]. I used information from the year of prior to the year of marriage and the first full year after it to determine whether the couples would have been EITC winners and losers had the 1996 EITC provisions been in place when they married. In generating these results, I compared the combined EITC the partners would have been eligible for in the last full year prior to their marriage, to the EITC the couple could have gotten in the year following marriage.

One important feature of this method is that anything that changes in the earnings or parental status of the partners following marriage may also affect their EITC. One could simply ask what the couple's EITC would have been had they married and maintained everything as it was prior to marriage. But that experiment seems quite artificial. In deciding to get married the couple must also be contemplating changes in

fertility and work. The right question regarding the EITC for a couple contemplating marriage is whether or not the their combined benefits will change after marriage after taking account of their likely choices regarding children and work if they did marry.

Table 8 is drawn from the PSID. The results are rather striking.

- Marrying couples facing EITC marriage penalties outnumber couples getting EITC marriage rewards. The reason is simple enough. In 29% of the marriages in the sample, one or the other partner was living with a child prior to the observed marriage. In the large majority of those cases, both partners worked in the year prior to marriage. And in the bulk of those cases, marriage led to a decline in EITC benefits as the spouse's income reduced the benefits. Among partners where at least one partner is living with a child, losers outnumber winners, 16% to 5%

- There is another group that benefits from the EITC after marriage, however. Childless couples who had a child in the year after marriage are often EITC winners. Thus in roughly 6% of marriages the arrival of a child in the first year leads them to benefit from the EITC in ways they otherwise would have missed.

- Overall, 16% of marriages would have been EITC losers and 11% would have been winners.

- The size of the potential EITC penalties and benefits is not trivial, averaging almost $1,400 in gains for the winners and $1,500 in losses for the losers.

Thus it is theoretically possible that the EITC could reduce marriages somewhat. Still there is an important "compared to what?" question. The EITC should still stimulate marriage of some of the poorest men and women. And its marriage penalties are far less dramatic than those of any ordinary means tested benefit system. The real question is what, if any, behavioral impacts result?

It has proven remarkably difficult for social scientists to reach a definitive consensus about the influence of social policies on marriage and family formation. In his fine review of the literature, Moffitt (1998) concludes that the current literature on the

[9] A small portion of women married more than once in our sample period—all marriages are included.

impact of AFDC on family structure is at best mixed, with somewhat inconsistent cross-sectional and time series patterns. He believes that the evidence seems to hint at some very modest impacts of social policy on family structure, but the findings remain highly scattered and problematic, and often contradictory. The only randomized experiment that found an impact of financial incentives was the Negative Income Tax, and even its findings remain highly controversial.

Unlike the case of labor supply, relatively little work has been done on the impact of the EITC on marriage and separation. Dickert-Conlin and Houser (1998b) offer one of the few current efforts. They seek to parameterize financial incentives in AFDC and the EITC and examine the connection between these changes and female headship. They use aggregate measures of AFDC and EITC generosity. They find little impact of AFDC and some negative impact of the EITC for whites in some models and no impact for blacks. There are two issues with this approach: recent changes in AFDC are extremely hard to parameterize formally since most of the changes in policy are not financial, and the authors' aggregation of AFDC and EITC parameters , does not allow the effect to vary across skill levels.

Here I once again use the natural experiment created by EITC expansion and AFDC contraction to look for behavioral effects. Indeed, the 1990s seems to have been a time of rather radically changed marriage incentives as well as work incentives. The EITC expansion was accompanied by a dramatic change in welfare policy. Thus, for very low income women on welfare who are not working, there is far more incentive to marry than before; welfare is less available and the EITC rewards marriage between a non-working parent and another working childless individual. Meanwhile, somewhat

higher skill women who would likely work if they were single, face suddenly increased marriage penalties. It is hard to imagine setting up a more powerful experiment where the incentives for non-working mothers to marry would change so radically in a short time.

Table 9 illustrates marriage incentives for people of different wage percentiles under different conditions. In this case it proves helpful to break the first quartile in half and look separately at the first and second eighths of the skill/wage distribution. For the purposes of developing this table, I again assume that women who work earn the median for their wage group, and that if they marry, they will find a man who will earn the median level of husbands of currently married women. In reality, currently married men are undoubtedly a select group and their wages may be somewhat higher than what an unmarried woman might expect from the remaining men, but for simple illustrative purposes, these estimates seem adequate.

The first and second major rows show marriage penalties under different conditions. Two striking features emerge immediately.

- In every case, whether the mother was working or not, regardless of whether the mother is in the top or bottom of wages, there is a financial penalty to marriage. Of course these are not all the result of the EITC. The impacts of means-tested transfer programs at the bottom and tax policies at the top are an important part of the story.

- Incentives changed rather dramatically over time. After 1986, one sees a sharp reduction in marriage penalties for non-working women and a significant rise for working ones.

What is the overall impact of policy changes on women in each group? That depends on the probability a woman in each category would be working if she were a single parent. Very low skill women are less likely to work if they are single parents.

For such women, the EITC creates, on net, a strong incentive to marry. Higher skill women are more likely to work. For them the penalty is dominant.

The bottom line on marriage incentives by wage group in 1986 and 1996 is shown on the bolded bottom rows of Table 9. The results are striking and offer real hope for an estimation strategy.

- For the lowest eighth of women, marriage incentives have been strengthened considerably. Whereas in 1986, marriage meant enduring a marriage penalty equal to 22% of combined net income, by 1996, the penalty was down to 7%. If financial incentives matter, one ought to be able to see the effect of a $2,700 cut in the penalty for these persons (plus the push off of welfare from welfare reform).

- For the second eighth of women, the marriage incentives hardly changed. They form an ideal control group.

- And for those in the upper 3/4s of the wage distribution, marriage penalties increased since 1986. In absolute terms, these increases were pretty large. But as a percent of combined income, the changes were relatively modest—1-2% of net income.

Thus, if these incentives are influencing marriage one should see marriage rates rise for the very bottom group relative to the others. Thus, I tabulated the fraction "married-spouse present" in each of the wage groupings. The results are shown on Figure 11.

- The graph shows no evidence that the marriage incentives matter. Instead of rising relative to the other marriage rates, the marriage rates for those in the bottom wage category seem to be falling rapidly. This is a continuation of a trend that starts early in the data.

- The striking feature of Figure 11 is that marriage rates among women with children are rapidly becoming more unequal. The marriage patterns at the top have changed little, but at the bottom, they are in sharp decline.

It is possible that the incentives have slowed what would have been an even faster decline. The only way to test that is to find an adequate control group. Figure 12 shows

the marriage patterns for childless women. The pattern is less consistent there, but one sees a spreading as well. For a variety of reasons, I do not think this is a very good control group for this purpose, as evidenced by the much smaller marriage rates among the childless.

Table 10 confirms statistically what is evident already from the graph. Generally one finds insignificant results when one tries to compare the marriage patterns of the lowest wage group with other wage groups or with childless women. The only significant result has the opposite sign of what was expected.

- Thus even this rather powerful natural experiment, where welfare is being sharply cut back and the EITC provides a bonus for some and a penalty for many others, fails to reveal any evidence that marital behavior has been altered.

I regard this as fairly compelling evidence that social programs and tax incentives don't strongly influence marriage decisions. If they do, they certainly are hard to find in these data. But if they don't, what is driving marriage patterns? The obvious alternative explanation lies with the changing pattern of work and wages that were discussed at the beginning of this paper. Male and female wages are spreading out just as marriage rates are. Thus a far more likely explanation may lie in the underlying struggles of low wage women, and especially men. Unfortunately simple models using male and female wages do not explain very much. Finding a more effective way to explain the trends in marriage is a central problem for future research.

Conclusion

This examination of incentives and behavioral responses provides points to (I figure it only points since it's hard to tell what is EITC and what is welfare reform)

findings regarding the EITC that many will find reassuring, but points to some developments that may prove worrisome in the future.

- The combination of the higher EITC, welfare reform and a strong economy has lead to a truly unprecedented increase in labor market activity by single parents. While I believe it is nearly impossible to separate the effects of the various components at this time, the EITC certainly appears to play an important role. This result is consistent with the findings of several other authors.

- Since the late 1980s, labor market work by *low wage* married mothers has not increased in the way that work of other groups of married mothers has.. Unlike the case for single mothers, there are few confounding factors, so the income effects and adverse work incentives of EITC seem the most likely cause.

- Though the EITC sharply reduced marriage penalties and welfare reform has pushed many people off welfare, there is no discernable increase in marriage among the lowest skill single mothers. Indeed, their marriage rates continue to fall sharply. Conversely, even though the EITC increased marriage penalties for middle and higher wage mothers, there was no noticeable reduction in marriage for these groups. The overall results show no indication at all that changes in the EITC affected marriage patterns.

The interpretation of whether these results are reassuring or somewhat troubling depends on one's attitudes toward work and marriage among mothers. The fact that the EITC really does help working poor and near poor families is consistent with recent public opinion in the U.S. that the working poor are among the most deserving. And in the U.S. context where the nation seems to have concluded almost unequivocally that single mothers should work outside the home, the first finding in the list above should be welcome news. After years of being employed in lower proportions, single mothers are employed at the same rate as married mothers are. Some observers will rightly worry about whether children are being helped or harmed by this rapid move into the labor market.

Whether the apparent changes in work among married mothers is seen as good news or bad is likely to vary. Some believe that social policy ought to do more to enable

married mothers to remain home and nurture their children. Others will be troubled by the distortions in behavior and the danger that married mothers may lose out in the long run.

What I find somewhat worrisome is the fact that the EITC does seem to impose sizable marriage penalties for some who marry. I am reassured that I can find no evidence of a behavioral impact, but it does seem important for social policy to do whatever it can to remove penalties to marriage. My reasons for believing that depend as much on symbolism and fairness as on any observed behavioral response. After all, this paper, like so many others, finds that even large changes in marriage rewards and penalties generate few discernable changes in behavior.

Some might use the existence of marriage penalties as an argument for cutting back the EITC. Based on the evidence in this paper, I believe such a plan would be extremely ill advised. The EITC supports low income working families with children. In an era of welfare reform, such aid is essential. And the EITC clearly creates a marriage reward for the poorest single parents. And there is no evidence that cutting the EITC would change marriage patterns anyway.

The other alternative for fixing marriage penalties is to work on modifications in the design of the EITC. The EITC's positive work and marriage incentives result from its phase-in aspect. One needs to work or be married to someone who works in order to qualify for the credit. The negative incentives mostly come as a result of the phase-out, specifically the fact that the income from one spouse can lead to a reduction in the EITC for the other spouse. Exploring alternative designs is beyond the scope of this paper. It does seem that an EITC which was designed similarly to the current one, except where

the phase-in and phase-out depended only on the parent's own earnings (not on the family's combined earnings), would largely eliminate this problem, though at a potentially significant budgetary cost.

Note that the incentives reported for the EITC apply to a host of other programs designed to provide aid to *low income working* families where low income is based on the *combined income of the family*. Any targeted program of this sort will show incentives like the EITC. Incentives for a first parent to find employment, incentives for a second parent to remain at home, incentives for a non-working parent to marry, and incentives for a working single parent to remain single will all be present. Since social policy in the U.S. is rapidly moving out of the traditional "welfare" type programs and into low wage worker supports, it behooves policymakers to look closely at this mixed group of incentives.

The work also points to a critical need for both data and research. I am convinced that understanding the factors influencing marriage and family formation is absolutely essential for long term social policy and for the adequate support of children. With more and more children in single parent homes, we need to know far more definitively if social policy can or does have any real influence on family formation. If policies do influence family formation, we need to understand how and consider carefully the consequences for design. If the answer is that policy plays little role (as this paper and most others seem to conclude), then we may be able to offer reliable help to single parents with little fear that we are somehow encouraging family structure changes.

The ideal way to determine whether the EITC has affected marriage may be to track longitudinally the actual marriage patterns of people who stood to lose or gain from

marriage. That requires the kind of large-scale longitudinal data that are often in short supply and also requires waiting longer for the results. At a minimum, however, more work is needed in the area.

Thus my basic conclusion is an obvious one. Incentives can matter and those who design social policies may need to pay even closer attention to them when developing their policies. My scorecard on the EITC indicates a promising beginning with some areas worthy of closer scrutiny.

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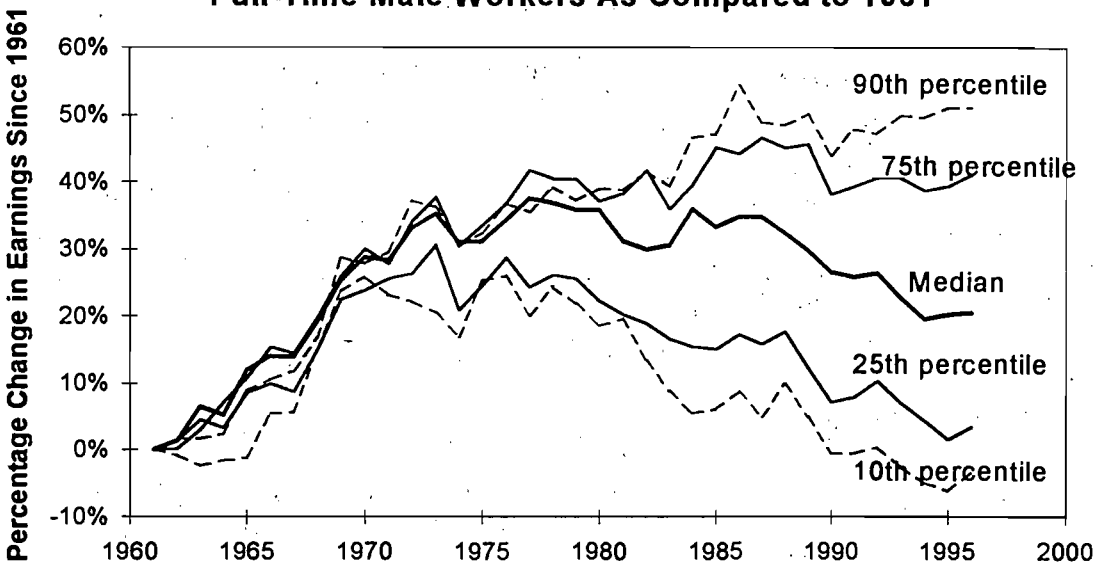
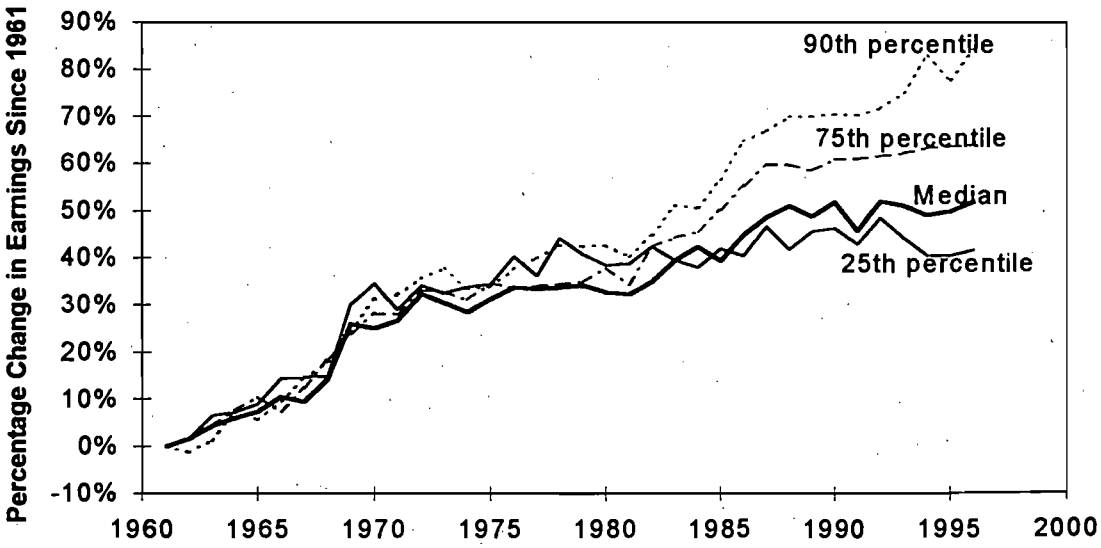
Figure 1
Distribution of Wage and Salary Earnings for Full-Year Full-Time Male Workers As Compared to 1961



Source: Tabulations of annual March Current Poulation Survey data

Figure 2
Distribution of Real Wage and Salary Earnings For Full-Year Full-Time Female Workers As Compared to 1961(Constant $)



Source: Tabulations of annual March Current Poulation Survey data

Figure 3
Employment Rate of Women Aged 18-44
With Children By Marital Status

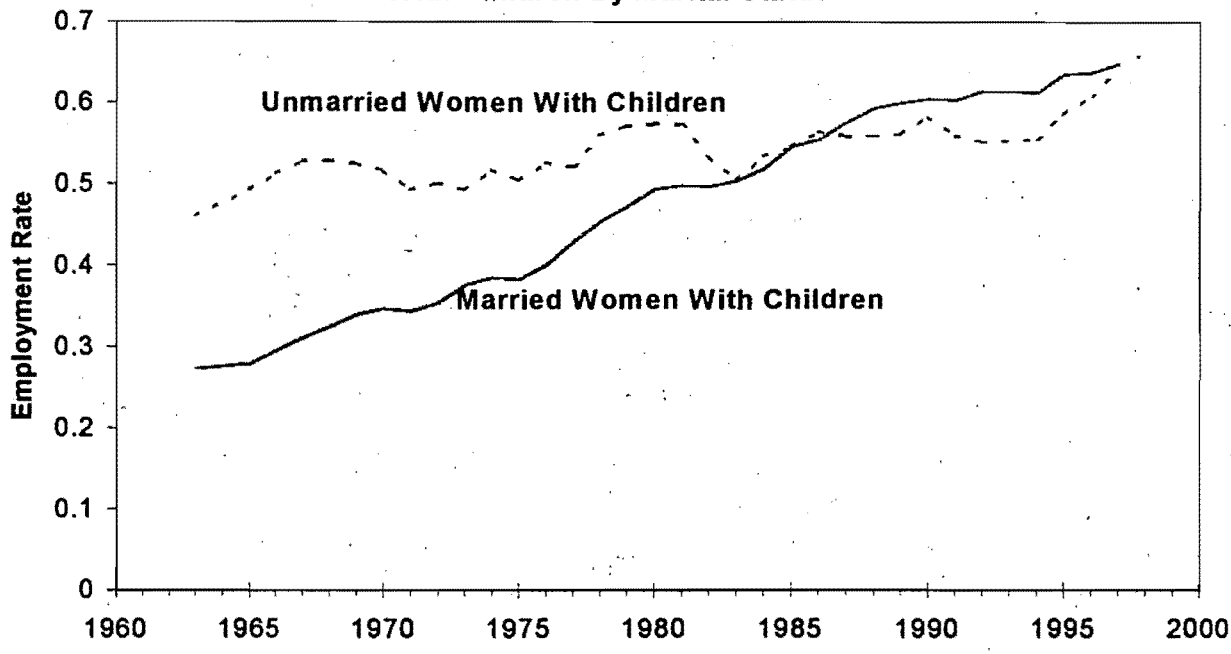


Figure 4
Percent of All Children in Female Headed Families

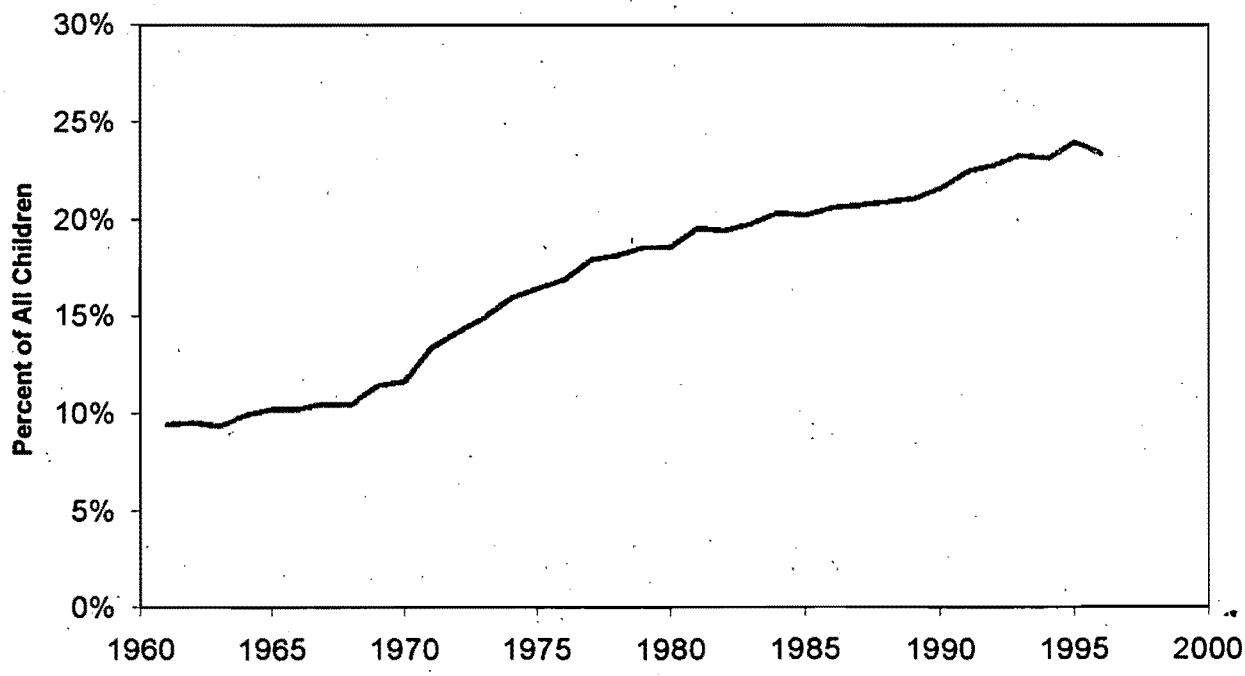


Figure 5
Earned Income Tax Credit Payments in 1996 By Level of Earnings
and Number of Children
(Assuming No Other Income)

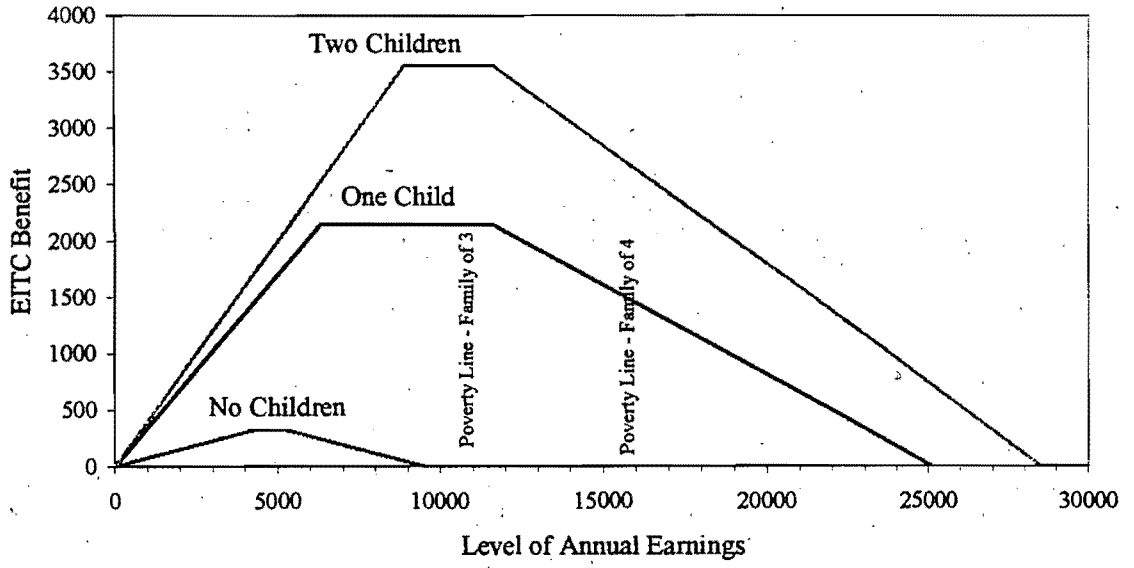


Figure 6
Employment Rates of Unmarried Mothers With Children
By Predicted Wage Quartile

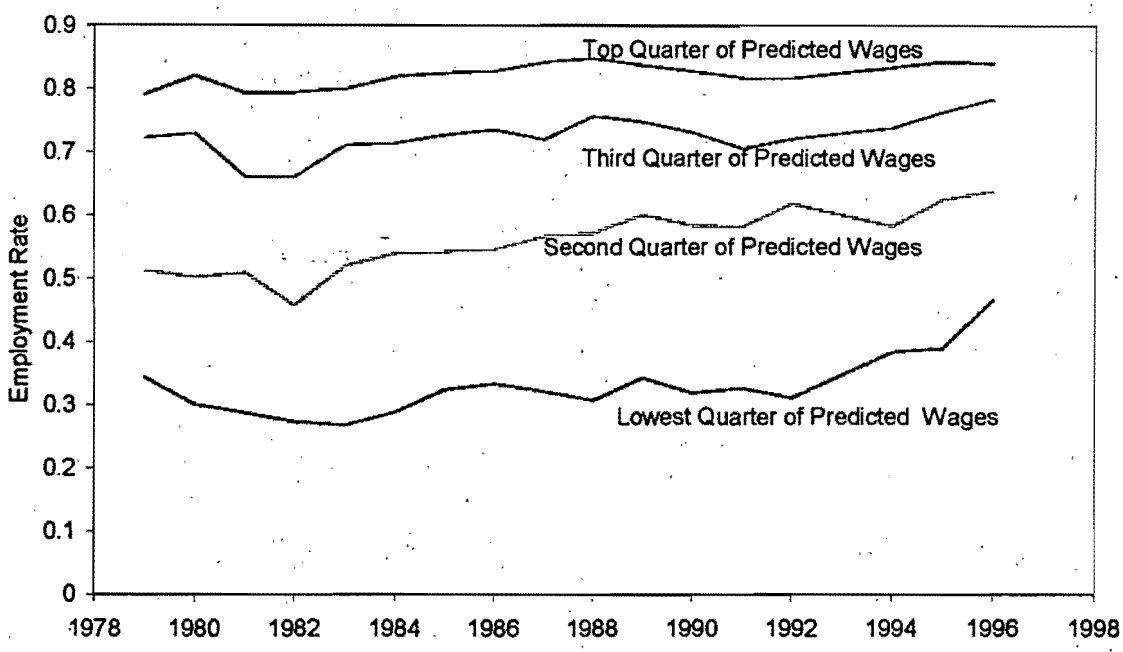


Figure 7
Employment Rates of Unmarried Women Without Children
By Predicted Wage Quartile

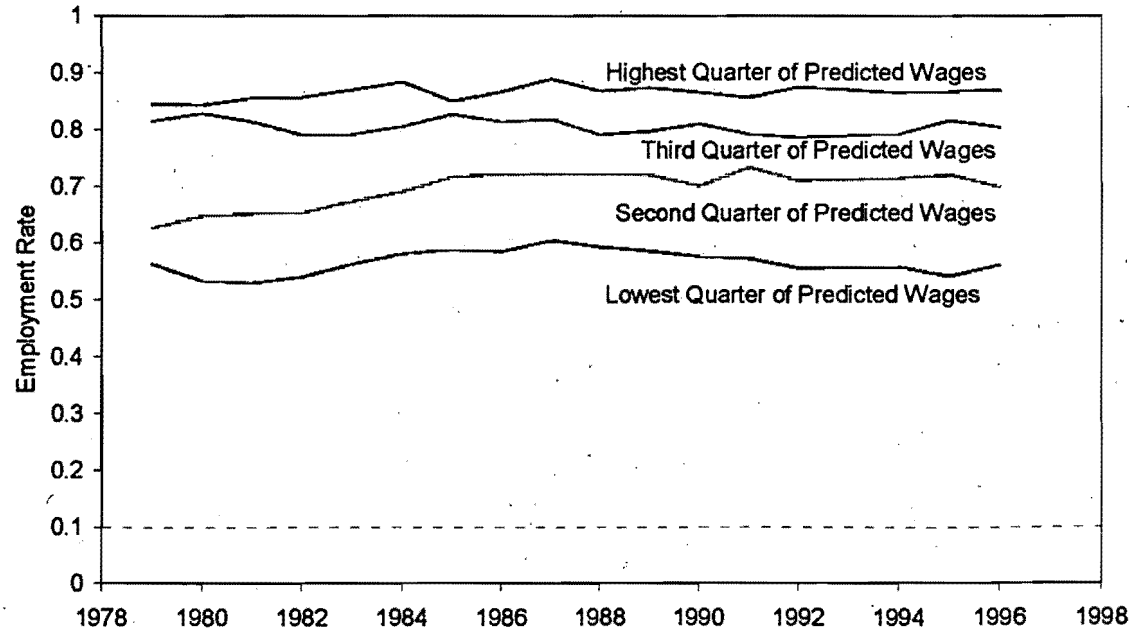


Figure 8
Employment Rates of Married Mothers
By Predicted Wage Quartile

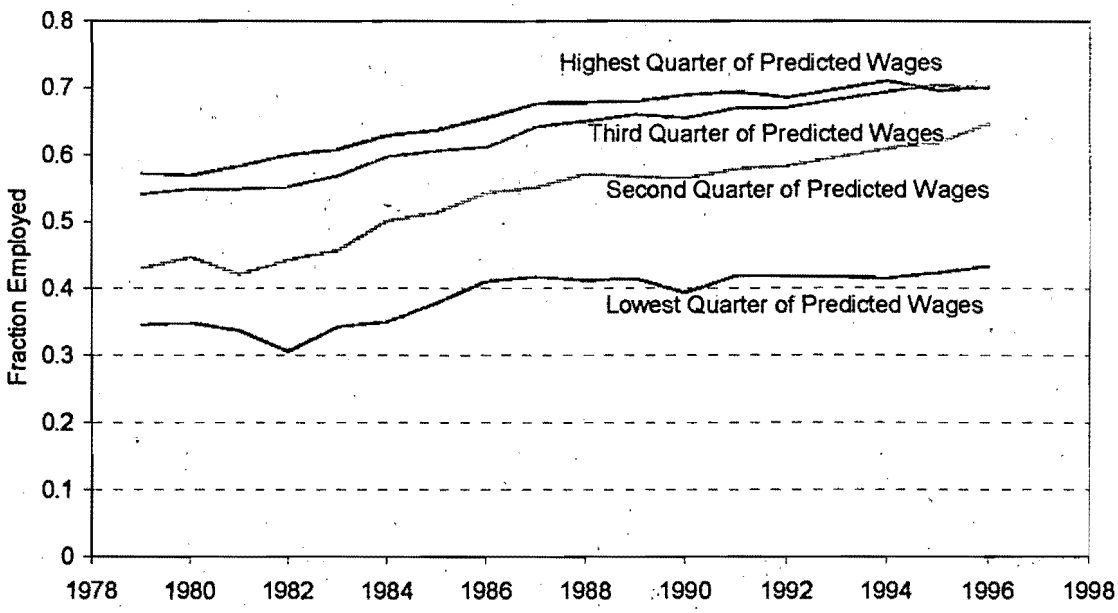


Figure 9
Employment Rates of Married Women Without Children
By Predicated Wage Quartile

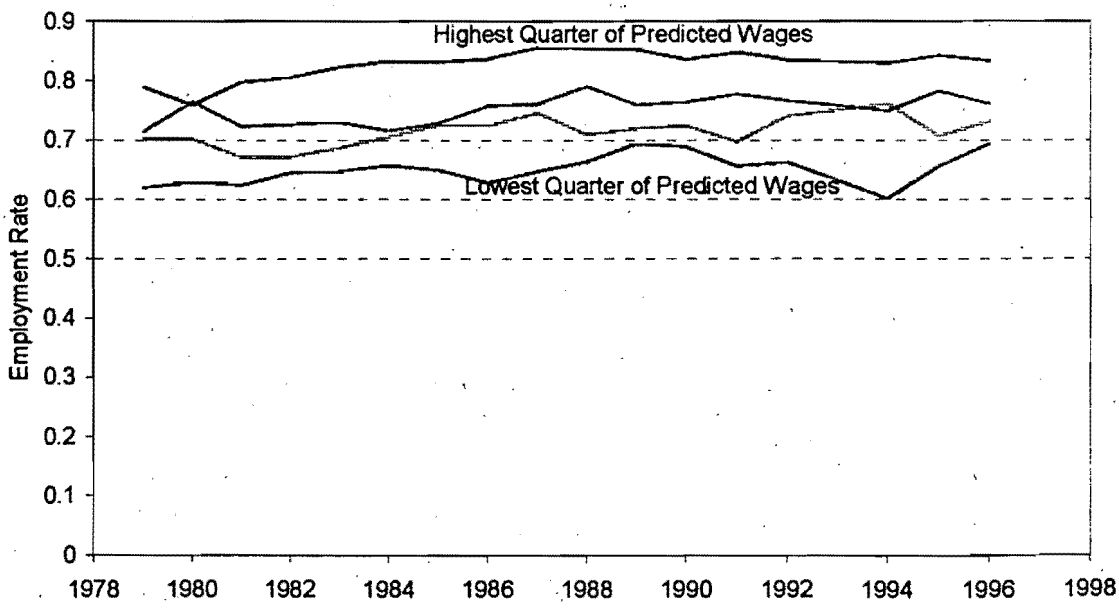


Figure 10
Comparison of Married Mothers
With and Without Disincentives to Work Due to EITC
for Women in the Lowest Quarter of Predicted Wages
(Three Year Moving Averages)

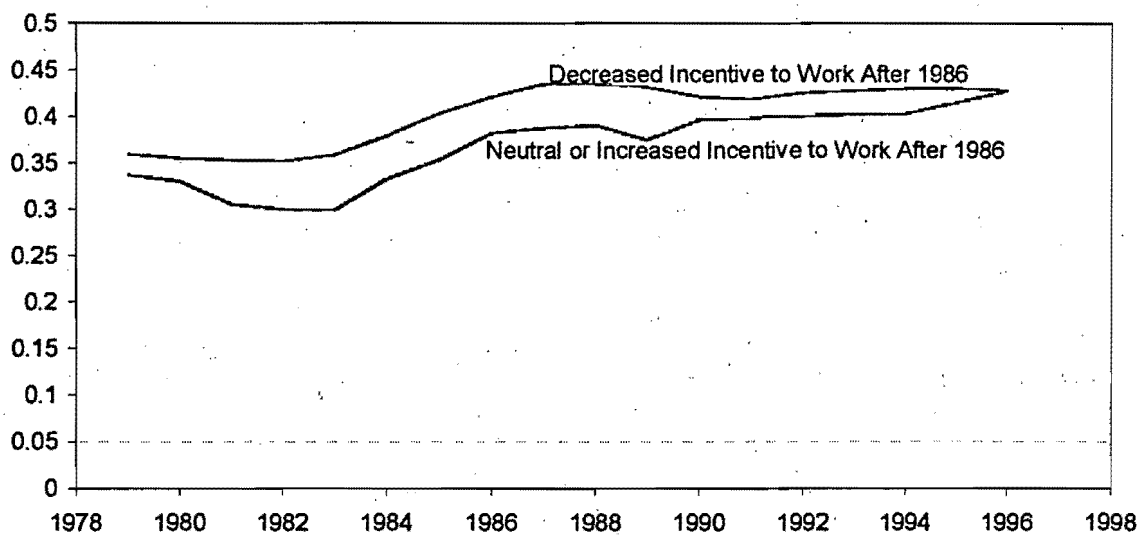


Figure 11
Fraction Married-Spouse Present Among Women With Children
By Predicted Wage Position

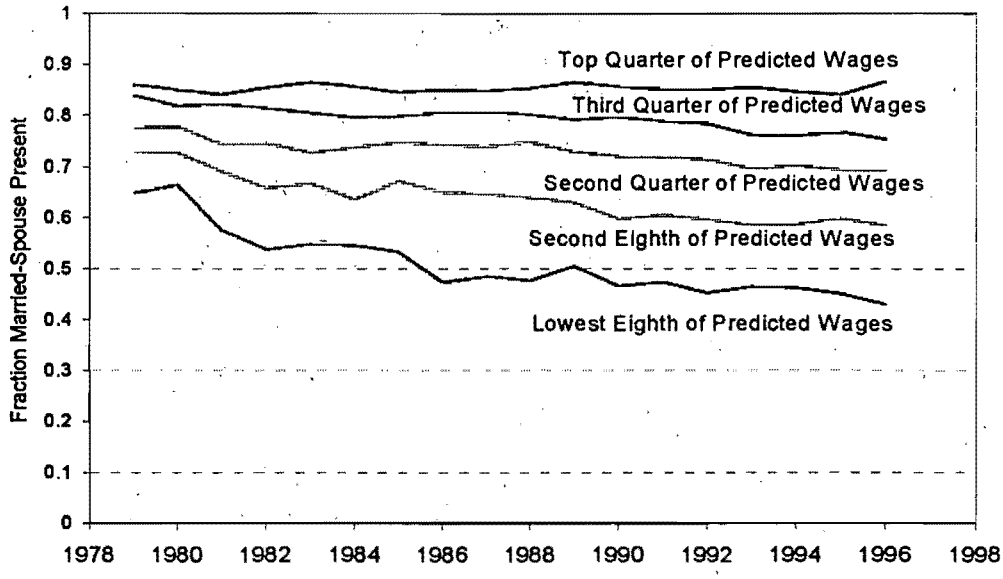


Figure 12
Fraction Married-Spouse Present Among Childless Women
By Predicted Wage Position

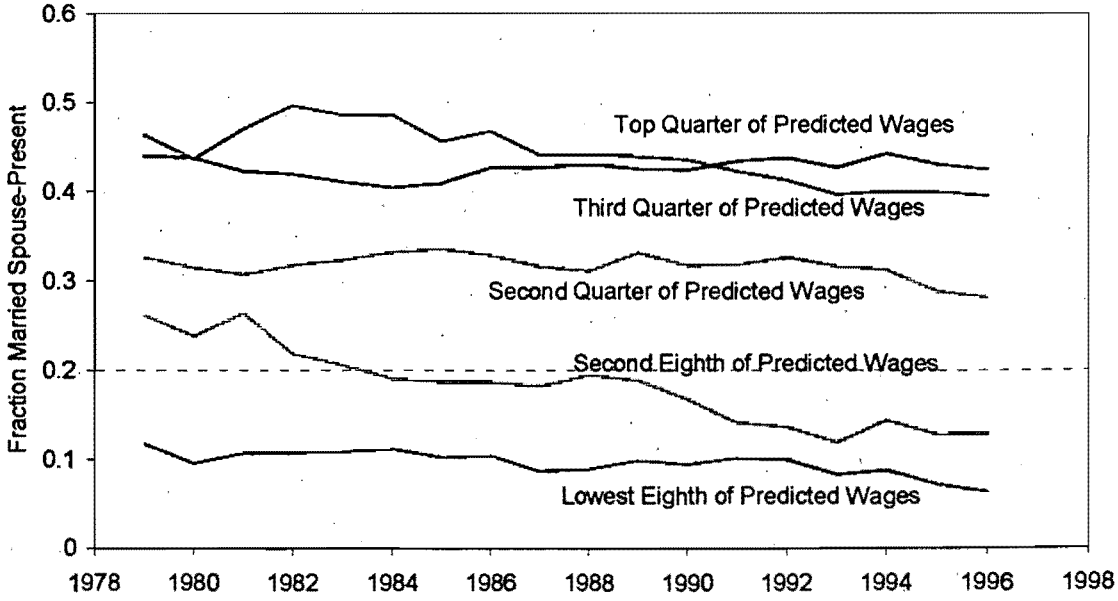


Table 1
Earnings, Taxes, and Benefits Under Differing Scenarios For Work and Marriage in 1986
(All figures in 1996 dollars)

Marriage and Work Scenario	Total Earnings	Federal Taxes: Social Security, Medicare and Income Taxes Other Than EITC	Means Tested Benefits: AFDC and Food Stamps	Child Care Expense (If All Parent(s) Work)	Earned Income Tax Credit	Child Care Support (Dependent Care Tax Credit)	**Total "Disposable" Income**	Government Paid Health Insurance? (Medicaid)
Unmarried Woman With Children, Woman Does Not Work	0	0	8,563	0	0	0	**$8,563**	Yes
Unmarried Woman With Children, Woman Earns $10,000	10,000	-914	2,462	-2000	441	199	**$10,188**	No
Married Couple With Children, Man Earns $15,000 Woman Does Not Work	15,000	-1,467	1,778	0	0	0	**$15,311**	No
Married Couple With Children, Man Earns $15,000 Woman Earns $10,000	25,000	-3,384	0	-2000	0	525	**$20,142**	No
Unmarried Man, No Children Man Earns $15,000	15,000	-2,414	0	0	0	0	**$12,586**	No

Table 2
Earnings, Taxes, and Benefits Under Differing Scenarios For Work and Marriage in 1996
(All figures in 1996 dollars)

Marriage and Work Scenario	Total Earnings	Federal Taxes: Social Security, Medicare and Income Taxes Other Than EITC	Means Tested Benefits: TANF and Food Stamps	Child Care Expense (If All Parent(s) Work)	Earned Income Tax Credit	Child Care Support (Dependent Care Tax Credit plus other aid)	**Total "Disposable" Income**	Government Paid Health Insurance? (Medicaid)
Unmarried Woman With Children, Woman Does Not Work	0	0	7,513	0	0	0	**$7,513**	Yes
Unmarried Woman With Children, Woman Earns $10,000	10,000	-765	2,462	-2000	3,556	1000	**$14,253**	Children Under 14
Married Couple With Children, Man Earns $15,000 Woman Does Not Work	15,000	-1,148	1,778	0	2,842	0	**$18,473**	Children Under 14
Married Couple With Children, Man Earns $15,000 Woman Earns $10,000	25,000	-3,128	0	-2000	736	450	**$21,059**	No
Unmarried Man, No Children Man Earns $15,000	15,000	-2,415	0	0	0	0	**$12,585**	No

Table 3
Work Incentives for Married and Unmarried Mothers for 1986 and 1996
(All figures in 1996 dollars)

Year	Change in Earnings	Change in Federal Taxes	Change in Means Tested Benefits	Change in Child Care Expenses	Change in Earned Income Tax Credit	Change in Child Care Subsidies	**TOTAL excluding medical benefits**	**Effective tax rate on earnings**	Change in Government Medical Coverage
Unmarried Mother With Two Children Begins Working and Earns $10,000 annually									
1986	10,000	-914	-6,101	-2000	441	199	**1,625**	**84%**	loses all coverage
1996	10,000	-765	-5,051	-2000	3,556	1000	**6,740**	**33%**	children <14 remain covered
Mother With Two Children, Married to a Man Earning $15,000, Begins Working and Earns $10,000 Annually									
1986	10,000	-1,916	-1,778	-2,000	0	525	**4,831**	**52%**	no effect
1996	10,000	-1,980	-1,778	-2,000	-2,106	450	**2,586**	**74%**	no effect

Table 4
Marriage Penalties and Rewards Employed and Non-employed Mothers in 1986 and 1996
(All figures in 1996 dollars)

Year	Combined Disposable Income if Couple Does Not Marry	Change in Federal Taxes	Change in Means Tested Benefits	Change in Child Care Expenses	Change in Earned Income Tax Credit	Change in Child Care Subsidies	**Total marriage penalty excluding medical benefits**	**Marriage Penalty as a % of Combined Disposable Income if Unmarried**	Change in Government Medical Coverage
Non-employed Mother With Two Children Marries Childless Man With $15,000 in Earnings									
1986	**21,149**	947	-6,785	0	0	0	**-5,838**	**-28%**	loses all coverage
1996	**20,098**	1,268	-5,735	0	2,842	0	**-1,625**	**-8%**	loses all coverage
Employed Mother With Two Children $10,000 in Earnings Marries Childless Man with $15,000 in Earnings									
1986	**22,774**	-55	-2,462	0	-441	326	**-2,632**	**-12%**	no effect
1996	**26,838**	53	-2,462	0	-2,820	-550	**-5,780**	**-22%**	loses coverage for children <14

Table 5
Work Incentives For Women in Different Family Situations and Potential Wage Levels for 1986 and 1996

Year	Women With Characteristics That Would Place Them in the *Lowest Quarter* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Second Quarter* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Third Quarter* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Highest Quarter* of Potential Wages in 1996
Median Earnings of Women Who Work More than 26 weeks (Based on Annual CPS data)				
1986	9,400	14,500	17,500	26,200
1996	9,200	15,000	19,500	28,000
Median Earnings of Husbands for Women Who are Married (Based on Annual CPS data)				
1986	18,200	26,200	33,500	39,900
1996	17,000	25,000	32,000	40,000
Work Incentives if Single Parent Goes to Work				
Net Earnings				
1986	1,488	4,156	5,785	11,645
1996	6,193	9,444	11,184	15,702
Effective tax rate				
1986	84%	71%	67%	56%
1996	33%	37%	43%	44%
Work Incentives if Married Mother Goes to Work				
Net Earnings				
1986	4,998	9,551	11,132	16,321
1996	2,318	9,166	13,112	17,377
Effective tax rate				
1986	47%	34%	36%	38%
1996	75%	39%	33%	38%

Table 6
Changes in Work By Unmarried Mothers and
Estimated Impact of Social Policy between 1986 and 1996

	Fraction Working 1986	Fraction Working 1996	Difference
Unmarried Women With Children:			
--Women With Characteristics That Would Place Them In the Lowest Quartile of Potential Wages in 1996	0.33 (0.01)	0.47 (0.01)	0.13 (0.02)
--Second Quartile of Potential Wages	0.55 (0.01)	0.64 (0.01)	0.09 (0.02)
--Third Quartile of Potential Wages	0.74 (0.01)	0.78 (0.02)	0.05 (0.02)
--Highest Quartile of Potential Wages	0.83 (0.01)	0.84 (0.01)	0.01 (0.02)
Unmarried Women Without Children:			
--Women With Characteristics That Would Place Them In the Lowest Quartile of Potential Wages in 1996	0.59 (0.01)	0.56 (0.01)	-0.02 (0.01)

Differences Between Groups	**Fraction Working 1986**	**Fraction Working 1996**	Difference in Differences **(Estimated Impact of Social Policies)**
Bottom As Compared to Highest Quartile Among Unmarried Mothers	-0.49 (0.01)	-0.37 (0.02)	0.12 (0.02)
Bottom As Compared to Third Quartile Among Unmarried Mothers	-0.40 (0.02)	-0.32 (0.02)	0.08 (0.03)
Bottom Wage Quartile Unmarried Women With Children As Compared to Unmarried Women Without Children	-0.25 (0.01)	-0.10 (0.02)	0.16 (0.02)

Table 7
Changes in Work By Married Mothers and
Estimated Impact of Social Policy between 1986 and 1996

	Fraction Working 1986	Fraction Working 1996	Difference
Married Women With Children:			
--Women With Characteristics That Would Place Them In the Lowest Quartile of Potential Wages in 1996	0.41 (0.01)	0.43 (0.01)	0.02 (0.01)
--Second Quartile of Potential Wages	0.54 (0.01)	0.65 (0.01)	0.10 (0.01)
--Third Quartile of Potential Wages	0.61 (0.01)	0.70 (0.01)	0.09 (0.01)
--Highest Quartile of Potential Wages	0.66 (0.01)	0.70 (0.00)	0.05 (0.01)
Married Women With Children in the Lowest Wage Quartile			
-- Women For Whom the 1996 EITC Created Work Disincentive	0.44 (0.01)	0.43 (0.01)	-0.01 (0.02)
--Women For Whom the 1996 EITC Did Not Create Work Disincentives	0.38 (0.01)	0.44 (0.01)	0.06 (0.02)
Married Women Without Children:			
--Women With Characteristics That Would Place Them In the Lowest Quartile of Potential Wages in 1996	0.63 (0.02)	0.69 (0.02)	0.07 (0.03)

Differences Between Groups	**Fraction Working 1986**	**Fraction Working 1996**	**Difference in Differences (Estimated Impact of Social Policies)**
Bottom As Compared to Highest Quartile Among Married Mothers	-0.24 (0.01)	-0.27 (0.01)	-0.03 (0.02)
Bottom As Compared to Third Quartile Among Married Mothers	-0.20 (0.01)	-0.26 (0.01)	-0.06 (0.02)
Bottom As Compared to Second Quartile Among Married Mothers	-0.13 (0.01)	-0.21 (0.01)	-0.08 (0.02)
Married Mothers in Bottom With Disincentives Versus Married Mothers Without Disincentives	0.06 (0.02)	-0.01 (0.02)	-0.06 (0.02)
Bottom Married Women With Children As Compared to Bottom Married Women Without Children	-0.22 (0.02)	-0.26 (0.02)	-0.04 (0.03)

Table 8
Percent of All Marriages Between 1983 and 1991 Where the Couple Would Have Had a Higher, Lower, or the Same EITC Before and After Marriage Had the EITC of 1996 Been In Place At the Time

Work and Family Situation Prior to Marriage	**EITC benefits would have been LOWER in year after marriage**	**EITC benefits would have been UNCHANGED in year after marriage**	**EITC benefits would have been HIGHER in year after marriage**	**TOTAL**
At least one partner was living with a child in year prior to marriage				
At least one partner with child did not work in year prior to marriage	0%	3%	2%	**6%**
both partners worked in year prior to marriage	16%	4%	3%	**23%**
Neither partner was living with a child in the year prior to marriage	0%	65%	6%*	**71%**
TOTAL	**16%**	**72%**	**11%**	**100%**
Mean Amount of Gain or (Loss)	**($1,505)**	**$0**	**$1,367**	**($92)**

This table is based on author's tabulations of 1671 marriages in the Panel Study of Income Dynamics. It compares the sum of what the partners could have individually received from the 1996 EITC based on their earnings and child status in the last full survey year prior to their marriage with the 1996 EITC the couples could have received based on the couples' earnings and child status in the first full survey year after marriage. The table does not include the impact of the very small EITC available in 1996 for persons without children.

*These are cases where the couple had a child in the year after marriage and thus became newly eligible for the EITC.

Table 9
Marriage Penalties For Women in Different Family Situations and Potential Wage Levels for 1986 and 1996

Year	Women With Characteristics That Would Place Them in the *Lowest Eighth* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Second Eighth* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Second Quarter* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Third Quarter* of Potential Wages in 1996	Women With Characteristics That Would Place Them in the *Highest Quarter* of Potential Wages in 1996
Marriage Penalty for Non-employed Single Parent With Two Children Who Marries an Employed Childless Man					
1986	-4739	-6,923	-7069	-6495	-6001
1996	-497	-2,692	-5225	-5177	-4137
Marriage Penalty for Employed Single Parent With Two Children Who Married an Employed Childless Man					
1986	-2839	-2,425	-1675	-1148	-1324
1996	-2980	-6,494	-5502	-3249	-2462
Probability Women Will Work If They Are Single Parents					
1986	0.26	0.39	0.58	0.76	0.84
1996	0.43	0.54	0.64	0.79	0.85
Average/Expected Marriage Penalty (Penalty for non-employed*probability non-employed +penalty for employed*probability employed)					
1986	**-4245**	**-5169**	**-3940**	**-2431**	**-2072**
1996	**-1565**	**-4745**	**-5402**	**-3654**	**-2713**
Average/Expected Marriage Penalty as a Percent of Combined Male-Female Disposable Income if Remain Unmarried					
1986	**-22%**	**-19%**	**-12%**	**-6%**	**-4%**
1996	**-7%**	**-16%**	**-14%**	**-8%**	**-5%**

Table 10
Levels and Changes in Fraction Married-Spouse Present Among Women in Various Situations and Estimated Impact of Social Policy between 1986 and 1996

	Fraction Married- Spouse Present		
	1986	**1996**	Difference
Women With Children:			
--Women With Characteristics That Would Place Them In the Lowest Quartile of Potential Wages in 1996	0.47 (0.01)	0.43 (0.01)	-0.04 (0.02)
--Second Eighth of Potential Wages	0.65 (0.01)	0.58 (0.01)	-0.07 (0.01)
--Second Quartile of Potential Wages	0.74 (0.01)	0.69 (0.01)	-0.05 (0.01)
--Third Quartile of Potential Wages	0.81 (0.01)	0.75 (0.01)	-0.05 (0.01)
--Highest Quartile of Potential Wages	0.85 (0.01)	0.87 (0.01)	0.02 (0.01)
Married Women Without Children:			
--Women With Characteristics That Would Place Them In the Lowest Quartile of Potential Wages in 1996	0.10 (0.01)	0.06 (0.01)	-0.04 (0.01)

Differences Between Groups	**Fraction Married- Spouse Present**		Difference in Differences **(Estimated Impact of Social Policies)**
	1986	**1996**	
Bottom Eighth As Compared to Highest Quartile Among Women With Children	-0.38 (0.01)	-0.44 (0.01)	-0.06 (0.02)
Bottom Eighth As Compared to Third Quartile Among Women With Children	-0.33 (0.01)	-0.32 (0.01)	0.01 (0.02)
Bottom Eighth As Compared to Second Quartile Among Women With Children	-0.27 (0.01)	-0.26 (0.01)	0.01 (0.02)
Bottom Eighth As Compared to Second Eighth Among Women With Children	-0.18 (0.01)	-0.15 (0.01)	0.02 (0.02)
Bottom Women With Children As Compared to Bottom Women Without Children	0.37 (0.01)	0.37 (0.01)	0.00 (0.02)

Attachment F

CPR
Center for
Policy
Research

The Work and Family Pilot Project
Brief Summary and Review of Implementation Issues

Jessica Pearson, Ph.D.

The Work and Family Pilot Project is a collaboration of the Colorado Department of Corrections, the Colorado Division of Child Support Enforcement and the Colorado Department of Labor and Employment, and the Center for Policy Research (CPR). The one-year budget for the project exceeds $300,000 and is being paid for with a grant from the federal Office of Child Support Enforcement and a variety of state funding mechanisms. Project staff expect to serve at least 300 offenders who are released to Denver County during the coming 12 months. The project is expected to begin in August 1999.

The Project aims to provide employment and family re-integration services to ex-offenders with minor-aged children who are released to Denver County. Ex-offenders will be referred to the Project by parole officers and community corrections personnel. Referred parents will receive assistance with employment, child support review and adjustment and family reintegration. They will also be referred to other relevant support services. The project will be evaluated by CPR, an independent, non-profit research organization. As part of the evaluation, CPR will assess the characteristics of participants, the nature of the services they receive as a result of their referral to the Project, and their subsequent experiences with employment, child support payment, visitation/access, and return to prison. The Project will be staffed with an intake/data entry worker, a child support technician, a family reintegration specialist, a case manager and an employment counselor/job developer. Project architects have faced many obstacles in the process of implementing this project. They include the following:

Housing the Project: Our original plan was to house the Pilot with a One-Stop Job Service Center. This was canceled, however, when it was discovered that a clause in the building lease prohibited ex-offenders from being in the building. Other logical sites were unacceptable because they offer on-site day care and offenders sometimes have parole plans that restrict their contact with children. We also faced severe financial constraints and could only consider donated space

Participant Housing, Transportation, and Employment Issues: Parolees are typically prohibited from driving for a year or two after their release from prison. This means that the Project has to be housed in a central location that is accessible by public transportation. Many ex-offenders lack housing and live at homeless shelters. This makes it impossible for case managers to contact project participants.

Many employment programs focus on job placement in industry sectors that are unsuitable for ex-offenders like health care, child care and food services (handling liquor). Other employers have

1570 Emerson Street • Denver, Colorado 80218 • 303-837-1555 • fax 303-837-1557 • cntrpolres@uswest.net

security requirements that ex-offenders cannot meet (jobs at the airport and in offices). Bonding is an issue for many employers who do not understand bonding options available to offenders. Still another barrier to employing ex-offenders are insurance policies that employers have requiring them to use traditional bonding providers who refuse to bond felons. Most employment program providers do not know how to "market" offenders to employers.

Upper Level DOC Support: During a change in administration, the Pilot Project lost its anticipated DOC funding. Education and reintegration efforts typically lose funding in favor of security and facility maintenance. It is anticipated that new funding will be secured next year under the watchful eye of a more supportive agency head.

Funding: There are no administrative funds for the Project. The Community Reintegration Program of the DOC is subsidizing the Project and paying for telephone, computer, and office operating expenses. These are costs that the Community Reintegration Program did not anticipate.

Staffing: All staff are paid for by different agencies and different funding sources. While all staff will be housed together, there is no coherent management and reporting structure.

Multiple Funding Sources: Funding for the Pilot Project has been patched together. Each funder has distinct eligibility requirements, outcome expectations, contracting procedures, and reporting mandates. It is difficult and time consuming to serve many different masters. The fragmented funding scheme creates service inequities.

Failure to Qualify for Other Service Programs: Many ex-offenders do not qualify for various programs designed to serve non-custodial parents and as a result face few opportunities for receiving meaningful services. Many fathers lack the requisite information (child's social security number) to determine whether their children are recipients of TANF and whether they qualify for Welfare-to-Work funding. Others do not get identified as JTPA-eligible while they are incarcerated. Indeed, most do not qualify for any special "funding streams." Results-oriented programs that are judged by placement rates are reluctant to enroll ex-offenders because they are difficult to place and have multiple barriers to employment. Ex-offenders are even being rejected by newer responsible fatherhood programs like the PFF demonstration in Denver. The CBO administering the PFF project in Denver believes that ex-offenders are older and more troubled than the population they serve. NPCL seems to share this sentiment and recently disallowed a proposal to spend $20,000 of planning grant funds awarded to Colorado to retain an employment counselor/job developer to focus exclusively on the creation of jobs for ex-offenders.

Child Support Report

Office of Child Support Enforcement Vol. XXI, No. 7, July 1999

Colorado CSE Explores Ways to Serve Prisoners

By: Jessica Pearson

Colorado's Division of Child Support Enforcement (DCSE) is exploring child support policies that may work with incarcerated parents. Every year, approximately 4,400 offenders return to the community, 79 percent of whom are estimated to have children. Based on an automated match of cases in the child support and Department of Corrections (DOC) systems, DCSE discovered that four percent of nonpaying obligors are currently incarcerated or on parole.

Visitation Classes for Corrections Personnel and Incarcerated Parents

In April, 1998, DCSE coordinated its first day-long training program for pre-release counselors and educators at Colorado's prisons dealing with the topics of child support, visitation (or parenting-time as it is termed in Colorado), welfare reform, domestic violence, and child abuse and neglect. Since then, abbreviated two and three hour sessions dealing with the topics of child support and visitation have been held with prison staff and inmates in six prisons and five half-way houses.

Some sessions are held in conjunction with lengthier pre-release programs that offer help in managing anger, learning to communicate, coping with the stresses of life on the outside, and parenting. More sessions are scheduled.

The co-presenters are Christopher Hardaway, a family law attorney with a strong background in public legal education, and Robert Conklin, Colorado's paternity coordinator and a former child support worker. The population targeted for training sessions is made up of parents scheduled to be released within a few months and case managers who interact with parents during their incarceration.

Jessica Pearson

Conklin and Hardaway tell prison staff and incarcerated parents about the legal papers parents need to file to obtain visitation rights and about supervised visitation centers where parents can visit with their children and try to establish a good track record. They describe the child support options prisoners face and how to obtain genetic tests, modify high child support orders, and negotiate a longer time frame to pay off arrearages.

They also describe the new welfare and child support environment that prisoners and the mothers of their children face: time-limited benefits, strict cooperation requirements, new hire reporting, and other rigorous enforcement remedies.

Both Hardaway and Conklin characterize their appearances before prison audiences as extremely rewarding because "the inmates are so grateful and hungry for information."

Continued on page 2, "Colorado."

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Child Support Enforcement

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Colorado

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Establishing Responsive Child Support Orders and Collecting From Incarcerated Parents

Next, the Colorado DCSE will be working with incarcerated parents to establish and modify child support orders that reflect actual earnings. Under Colorado law, when a noncustodial parent goes to prison, the court has the ability to establish child support orders based on actual earnings, imputed earnings, or pre-incarceration wages.

Colorado is a state with a county-administered child support program, and this leads to a lot of variation across its 63 counties. In those counties where incarceration is viewed as a form of "voluntary unemployment" and order levels are established at imputed or pre-prison wage levels, debt can quickly mount.

In this phase of the demonstration project, DCSE will routinely present information about paternity and child support to all individuals who enter the prison system.

The in-person overture will be made while prisoners are at a central site for intake and diagnostic work, before they are dispersed to one of DOC's 22 facilities. Prisoners will be told about the child support system and that their child support orders will continue during their incarceration. They will be told how to request genetic tests and/or review/modification of their orders.

The population targeted for training sessions is made up of parents scheduled to be released within a few months and case managers who interact with parents during their incarceration.

Child support technicians will assist interested parents with these measures, and procedures will be developed to deduct child support and debt payments from inmate accounts at the prisons. (Inmate pay in Colorado State prisons ranges from 7.5 cents per hour to minimum wage, with the average prisoner earning 85 cents per day.)

Cultivating Employment, Child Support Payment, and Connections with Children

Still another aspect of the project will involve the establishment of specialized employment, and child support and parenting services for incarcerated parents upon their release from prison. Probation officers and community corrections personnel will refer released parents to a special program where they will receive employment assistance. They will also meet with an outposted child support worker who will review their records and explain their situation and options, including the possible modification of orders to reflect actual earnings.

Finally, they will meet with a case manager who will be equipped to help them with parenting issues, including linking up with supervised visitation centers, joining peer support groups, exploring mediation, and filing the papers needed to pursue access and visitation. Participants will be monitored to gauge user reactions as well as patterns of employment, child support payments, and contact.

Colorado DCSE wants to be part of the solution, not problem, for families with an incarcerated parent.

The Colorado DCSE wants to be part of the solution, not problem, for families with an incarcerated parent, and these approaches promise to be steps in the right direction.

If you would like more information about this project, contact Dan Welch, a Policy Specialist with Colorado's child support program, at (303) 866-5996.□

Jessica Pearson, Ph.D., is Director of the Denver-based Center for Policy Research.

Grandparents and Visitation Rights

The Virginia Court of Appeals recently ruled that in certain situations grandparents have visitation rights in divorce cases. In this case, the child's mother and father divorced in 1995 and sole custody was awarded to the mother. The father requested that his mother (the grandmother) be permitted to visit the child. The lower court granted the grandmother the right to visit her grandchild one Saturday a month.

The Court of Appeals made a legal distinction in granting the visitation rights to the grandmother in this case. If only one parent of a divorced couple objects to grandparent visitation rights, the court will determine if the visits are in the best interest of the child, as they were found to be in this case.□

With permission, from "Child Support Bulletin," June, 1999, The Children's Foundation, Washington, DC.

New Hampshire's New Hire Project: Targeting Independent Contractors Pays Off

Collections Increase More Than One Million Dollars

By: Kathleen L. Kerr

New Hampshire's initiative for collecting child support from noncustodial parents who are independent contractors generated an estimated increase in collections of over a million dollars between October 1997 and October 1998. According to a study conducted by the Federal DHHS Office of Inspector General (OIG), New Hampshire's overall collections increased by $5.3 million, with 20 percent of that ($1.065 million) attributable to collections from independent contractors.

Welfare reform legislation includes requirements for all employers to report new hires to a designated agency. States also must conduct data matches between their child support case registry and the new hire directory. To comply, New Hampshire selected its Department of Employment Security (DES) to be the State agency for reporting new hires.

New hire reports are submitted to DES, which daily submits the data to the child support agency for matching the noncustodial parent's name and Social Security number. When a match is found, a notice is sent both to the payor and the employer, with the notice to the employer containing instructions to garnish the employee's wages.

Adding independent contractors to the [new hire requirement] did not significantly impact operating costs or worker caseloads.

Taking the new hire requirement one step further, New Hampshire enacted legislation requiring employers to report the hiring of employees and independent contractors with contracts in excess of $2,500. Self-employed payors are often among the most difficult to collect support from, and businesses, though not required, are encouraged to report all independent contractors regardless of the contract amount.

Since the entire process for attaching earnings and sending notification letters to employers and payors is automated, adding independent contractors to the function

New Hampshire Child Support Director Kathleen Kerr

did not significantly impact operating costs or worker caseloads. Moreover, new hire is a valuable parent locator tool. Our records indicate that the program consistently provides current address information on the self-employed.

Besides an increase in current collections, benefits include a decrease in outstanding amounts owed. For example, an OIG random sample review of 33 independent contractors identified in the new hire data match revealed that 31 of them owed an average of $4,879 in past due child support. (The other two were found not to be delinquent.) Once brought to light, the potential for collection of the past due amounts of these independent contractors increases dramatically.

If you would like more information about New Hampshire's new hire initiative, call Sarah Kourian at (603) 271-4750.☐

Kathleen Kerr is the Director of New Hampshire's child support program.

OCSE and SSA Collaborate to Improve Quality of Data

The Federal Office of Child Support Enforcement (OCSE) and the Social Security Administration (SSA) are collaborating in a pilot project to improve the quality of data and encourage employer participation in new hire reporting. The Social Security Number (SSN) Feedback Pilot Project is an outgrowth of discussions among OCSE, SSA, states, and employer groups working together to improve new hire reporting.

The project initially will be conducted in Illinois and Massachusetts. Beginning in August 1999, and continuing for one year, SSA will promptly inform employers in these two States when they submit a new hire report that contains an incorrect name and SSN combination. To make this determination, SSA will compare submissions with its files of correct SSNs.

The project is designed to give employers an opportunity to correct their records shortly after an employee is hired, so that they will be able to submit correct data for any future filings with federal or state agencies. As a result, federal and state agencies will receive more accurate data, and employers will have a reduced administrative burden in correcting employee records at the year's end.

The project is designed to give employers an opportunity to correct their records shortly after an employee is hired, so that they will be able to submit correct data for any future filings with federal or state agencies.

Workers also will benefit. Using the correct name and SSN combination in filings will ensure that an employee receives all the government benefits to which he or she is entitled.

OCSE and SSA will work with the pilot states and employers to evaluate the benefits and costs of this early notification system. If results are positive, the plan is to implement the project nationwide.

If you have questions about the SSN Feedback Pilot Project, contact OCSE's Carol Callahan at (202) 401-6969.□

On-Line Support Guidelines in Arizona

The Arizona Supreme Court's Domestic Relations Unit has created a companion Website to the State's child support guidelines. The new website contains a calculation program that can be used by attorneys, courts, or persons representing themselves to compute child support.

The calculator demystifies the application of child support guidelines and simplifies the mathematical computation, enabling parents easily and correctly to compute a child support amount. The expectation is that allowing parents independently to verify the computation of support will reduce prolonged conflict over the financial support of the children and facilitate settlement.

A web-based application has several advantages. It is readily accessible by citizens—those currently residing in the State and former residents with child support orders that were issued in Arizona. End users do not have to purchase software that could potentially restrict usage or discourage requests for modification of older orders. And having the application available via the Supreme Court's Website enables the Court to maintain quality control, ensuring that changes to the application occur in a timely fashion.□

With permission, from the DR Quarterly, *Vol. V, No. 1, March 31, 1999, published by the Domestic Relations Unit, Court Services Division, Administrative Office of the Courts, Arizona Supreme Court.*

FPLS Team Wins Award

OCSE's Expanded Federal Parent Locator Service (FPLS) Team, under Donna Bonar's leadership, has won the prestigious Hammer Award from the National Partnership for Reinventing Government. The award, presented for achieving results, cutting red tape, partnering with other agencies and the private sector, and putting customers first, cites an increase of $3 million for children in the first 3 months of the effort. By getting the National Directory of New Hires up and running on time and under budget, the FPLS team, OCSE, and the Social Security Administration have improved the lives of the nation's children and families in ways that are now being recognized nationally.□

California Court of Appeal Holds That Child Support Defendants Are Not Entitled to Appointed Counsel

By: John S. Higgins, Jr.

In *Clark v. Superior Court* (1998) 62 Cal.App.4th 576, California's Fourth District Court of Appeal held that defendants in child support (nonpaternity) actions brought by the district attorney are not entitled to appointed counsel.

Renee Clark and several other noncustodial parents in civil support actions brought by the Orange County District Attorney petitioned the Court of Appeal for a writ to require the appointment of counsel in their cases. After extensive briefing, both by the parties and by *amici curiae* on both sides of the case, the Court of Appeal held that they were not so entitled.

The Court of Appeal noted that Lassiter *presumes a right to appointed counsel only where the defendant's liberty is at stake.*

[In arriving at its decision, the Court of Appeal pointed to the] due process analysis set forth by the United States Supreme Court in *Lassiter v. Department of Social Services* (1981) 452 U.S. 18.

Lassiter employed a three-part due process analysis in determining when counsel is required in cases *where the defendant's physical liberty is not at stake.* Under *Lassiter*, due process depends on a weighing of the private interests involved, the risk that the procedures used will lead to erroneous decisions, and the government's interest. The Court of Appeal noted that the *Lassiter* test presumes a right to appointed counsel only where the defendant's liberty is at stake.

The private interests in civil child support actions involve money. The court noted that monetary interests did not have the same status as liberty interests (staying out of jail).

In evaluating the risk of erroneous decisions, the Court of Appeal noted that the child support guideline statute is essentially a mathematics problem. Thus, the result of litigation is less dependent on the quality of legal representation than it might be otherwise. . . .

The court also pointed out that contempt is unavailable to enforce reimbursement judgments, citing *Crider v. Superior Court* (1993) 15 Cal.App.4th 227. In sum, the court determined that there was a "less than average risk" of erroneous results as they might be affected by the quality of legal representation.

As to the government's interest, the Court determined that it "clearly and decisively" weighed against taxpayer-funded counsel, because the purpose of Title IV-D of the Social Security Act . . . was to save welfare dollars. . . The balancing of the *Lassiter* factors resulted in the conclusion that there is no due process right to appointed counsel. □

The above summarizes an article from Support Line, *a quarterly family support law update, published by the California District Attorneys Association. Legal citations have in most instances been removed. For the full article, see Vol. 2, No. 2, 1998. Used with permission.*

John Higgins is a Tulare County (CA) Deputy District Attorney.

Faith-Based Effort Bears Fruit

Welfare reform legislation permits government agencies to partner with faith communities in programs of mutual concern. Through the efforts of Tom Starnes, Advocacy Relations Specialist, OCSE has entered into cooperative agreements with the YMCA of America (see May '99 *CSR*) and the United Methodist Church.

Recently, the Church's Baltimore-Washington Conference issued a program handbook on child support enforcement (CSE) for its local churches and membership. Entitled *Family & Child Support*, it contains an overview of the CSE program, a section on what individuals can do to help meet the needs of children and families, and a letter of greeting from OCSE Commissioner David Gray Ross.

For a copy, contact Dan Houlahan at OCSE's Kansas City Regional Office (816) 426-3981 X 195. □

Quarterly Conference Calendar

August

8-12 *NCSEA 48th Annual Conference & Exposition*, Palmer House Hilton & Towers, Chicago, IL, Heather Tonks (202) 624-8180.

25-27 *Georgia CSE Staff Training Seminar*, Hyatt Savannah, Savannah, GA, Gale Moon (404) 657-3866.

September

13-15 *OCSE 9th CSE Training Conference*, Double Tree Hotel, Pentagon City/National Airport, Arlington, VA, Bertha J. Hammett (202) 401-5292.

22-24 *Nebraska CSE Association 18th Annual Training Conference*, Ramada Inn, Kearney, NE, Janice Sorensen (402) 341-4554.

22-24 *Wisconsin CSE Association Fall Training Conference and Legal Track*, Stone Harbor Resort, Sturgeon Bay, WI, Marybeth Schuster (920) 746-2231.

22-26 *12th National Conference of The Children's Rights Council*, Holiday Inn Hotel and Suites, Alexandria, VA, (202) 547-6227.

October

3-6 *Western Interstate CSE Council (WICSEC) Annual Training Conference*, Holiday Inn University Plaza, Springfield, MO, Jane Williams (573) 751-7079.

12-15 *California Family Support Council Quarterly Meeting*, Hyatt Regency Alicante, Anaheim, CA, Noanne St. Jean (209) 582-3211 X 2403.

November

2-5 *Missouri CSE Association*, Holiday Inn Westport, St. Louis, MO, Debra Jones (816) 881-3446. □

KIDS COUNT Data Book Now Available

For a free copy of the Annie E. Casey Foundation's *KIDS COUNT* Data Book: 1999, Call the Foundation's publications line at (410) 223-2890, or send your request to Attn: 1999 *KIDS COUNT* Data Book, The Annie E. Casey Foundation, 701 St. Paul Street, Baltimore, MD 21202. □

Ohio's Access and Visitation Program

By: Wendy Fenneman

Now in the second year of its access and visitation pilot, Ohio has 10 county child support agencies participating. The counties (Cuyahoga, Erie, Green, Lucas, Marion, Mercer, Stark, Trumbull, Tuscarawas, and Washington) range in size and location from small and rural (Tuscarawas and Washington) to large and urban (Cuyahoga and Lucas) and administer their own programs.

Projects include mediation, supervised visitation, neutral drop-off and pick-up, and parenting education.

Most of the 10 child support agencies have partnered with their local courts, sheriff's departments, children's service agencies, and community nonprofit organizations. Projects include mediation, supervised visitation, neutral drop-off and pick-up, and parenting education. If you would like more information about Ohio's access and visitation projects, call Wendy Fenneman at (614) 728-6849. □

Wendy Fenneman is a Child Support Supervisor in the Ohio Department of Human Services.

Single Fathers

The number of single fathers grew 25 percent between 1995 and 1998, from 1.7 million to 2.1 million, while the number of single mothers remained constant at about 9.8 million. Consequently, men comprised 1 in 6 of the nation's 11.9 million single parents in 1998, up from 1 in 7 in 1995 and 1 in 10 in 1980. The 2.1 million fathers who had custody of their children were less likely to have been awarded child support than custodial mothers were and less likely to receive at least a portion of payments owed. □

Source: Census Bureau, Current Population Survey.

Nova Scotia Declared First Reciprocating Canadian Province

By Stephen Grant

The Province of Nova Scotia, a political subdivision of Canada, has been declared a "foreign reciprocating country" for child support enforcement by the United States.

Section 459A of Title IV-D of the Social Security Act [42USC659A] authorizes the Secretary of State, with the concurrence of the Secretary of Health and Human Services, to determine that a foreign country has established, or has undertaken to establish, support enforcement procedures available at no cost to residents of the United States.

These services must include the establishment of paternity and support orders for children and custodial parents, enforcement of support orders, and collection and distribution of support payments under such orders.

On December 18, 1998, the Governor in Council made an order declaring the United States to be a reciprocating State for the purpose of the Maintenance Orders Enforcement Act of Nova Scotia. The effective reciprocity date is December 18, 1998, pursuant to the U.S. declaration of May 14, 1999.

Requests for services may be sent to the Nova Scotia Central Authority, attention Paulette Inness, Maintenance Enforcement Program, P.O. Box 803, Halifax, Nova Scotia B3J 2V2, Canada, Telephone: 902-424-8032, Fax: 902-424-2153.

This first federal reciprocity agreement with a Canadian jurisdiction builds upon a broad history of systemic improvements in Canadian support enforcement procedures and increasing Canadian cooperation with United States enforcement officials. For further information about the Nova Scotia reciprocity declaration or other international child support enforcement matters, contact Stephen Grant at (202) 260-5943. □

Stephen Grant is OCSE's International Child Support Officer.

Establishing Paternity: Progress Being Made

To improve collections and better the lives of children, a major child support goal is to increase paternity establishment for those children born outside marriage. Examples of progress:

- Paternity establishments rose to over 1.45 million in 1998, an increase of 185 percent from the 516,000 in 1992. This was also an increase of 12.1 percent from the 1.3 million paternities established in 1997.

A major factor in the increase in paternities established has been the success of the in-hospital paternity acknowledgment program.

- For the third year in a row, out-of-wedlock birth rates declined. Births to unmarried women declined to 1.25 million in 1997, the latest figures available. This was 2 percent lower than in 1996 and 6 percent lower than 1994 when the rate was at its highest.

- A major factor in the increase in paternities established has been the success of the in-hospital paternity acknowledgment program, which requires the cooperation of a newly born child's parents. In 1998 over 614,000 paternities were voluntarily established in hospitals and other similar settings. This was an increase of 26.2 percent from the previous year's 486,786 and demonstrates that many parents want to take responsibility for their children.

With more paternities being established than children being born out of wedlock, progress is being made in reducing the number of children who do not have a legally established father in their lives. Such a relationship is necessary for securing the financial support children need and deserve for their healthy development and sense of well-being. □

U.S. Department of Health and Human Services

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Child Support Report

Final Rules on Case Closure and Paternity Establishment

Final rules on case closure criteria and paternity establishment (See Federal Register, 64 FR 11810 and 64FR 11802) clarify situations in which states may close cases, making it easier for them to close unworkable cases, and address new statutory requirements for a state's voluntary paternity acknowledgment procedures.

The case closure rule revises federal regulations outlining criteria for closing child support enforcement cases and makes technical changes to 45 CFR 303.11 in response to a presidential directive to reduce or eliminate mandated burdens on states, other governmental agencies, or the private sector.

The final rule on paternity establishment implements part of the paternity establishment provisions contained in section 331 of the welfare reform act as amended by section 5539 of Public Law 105-33 and includes identifying the types of entities other than hospitals and birth record agencies that may be allowed to offer these services. States will be required to adopt laws and procedures that are in accordance with the statutory and regulatory provisions. ☐

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