

Does Child Support Help Families Transition Off of Welfare?

Research suggests that child support payments help reduce reliance on welfare by low-income families by providing an alternative income source. This may be true, but the effects of child support on welfare spells are sensitive to timing issues. If child support is received on a consistent basis, it can be an effective tool, but payments can be inconsistent and there are lags involved with obtaining child support orders and receiving child support.

New research by Donald Hirasuna and Maureen Pirog provides insights into how the timing of child support payments affects the transition off of cash welfare. The study uses administrative data on child support and Minnesota's Family Investment Program (MFIP) from 1998 to 2003. The results do not reflect reforms in the child support program made after 2003.

When do MFIP recipients receive child support payments?

Researchers have found that from 1998 to 2003:

- 18.7 percent of recipients receive child support while on MFIP, and
- 21.5 percent receive child support at some time after leaving MFIP.

When do child support payments help parents stay off of welfare?

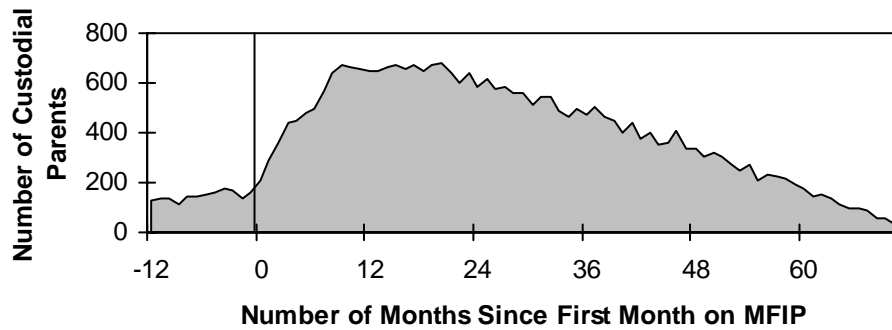
Several factors affect whether child support payments help welfare recipients stay off of welfare:

- **Consistent payments increase the likelihood of leaving welfare.** Regular payments can help parents exit welfare, especially within the first six months after the child support payments begin. The largest effect occurs in the third month. Administratively, the Department of Human Services deems a parent ineligible for MFIP if he or she exceeds the income eligibility limits for three months in a row. This rule may at least partly explain why the largest chances of exit are on the third month of consecutive receipt. However, child support payments tend to increase over time and may contribute to parents eventually exiting MFIP, especially within the first six months.
- **Consistent payments reduce the likelihood of returning to welfare** after the first time parents exit welfare. Payments consistently made during the first six months after a parent has exited welfare are especially effective. Consistent payments are not as helpful if a parent has returned to welfare at least once after leaving the program.
- **Larger payments increase parents' likelihood of exit and reduce their chances of returning to welfare.** Larger payments are especially helpful for parents who have returned to welfare after a previous exit.

What issues affect the ability of child support to help parents stay off of welfare?

Child Support Payment Lags. Half of current and former MFIP recipients receive their first child support payment 21 months or more after their first month on welfare. Difficulties in locating noncustodial parents, determining paternity, establishing a child support order, and collecting payments may contribute to payment lags (see figure below).

Figure 1: Frequency Distribution of Months Before Receipt of Child Support



Inconsistent Child Support Payments. Custodial parents receive payments for nine consecutive months less than half the time (see the far right column below).

Characteristics of Receipt by Consecutive Months of Child Support* (2005 dollars)

Number of Consecutive Months**	Average Amount	Amounts Received by Percentile			Percent with Too Much Child Support to Qualify for MFIP Cash Grant	Months of Consecutive Payments Received in a Row as a Percent of All Payments
		25 th	50 th	75 th		
1	\$246	\$117	\$203	\$326	5.9%	12.9%
2	283	148	246	370	8.1%	9.2%
3	295	158	259	384	8.9%	7.3%
4	305	162	270	397	9.5%	6.2%
5	311	167	275	403	9.8%	5.3%
6	319	173	282	413	10.6%	4.6%
7	325	179	287	421	10.9%	4.1%
8	328	180	292	423	11.1%	3.7%
9	334	184	298	432	11.8%	3.3%
10	337	186	300	434	11.9%	3.0%
11	339	189	302	436	11.9%	2.7%
12 or more	357	198	321	463	15.5%	37.8%

* Includes basic child support and child care received from the noncustodial parent.

** Whenever a parent goes one month or more without child support, the number of consecutive months goes back to one when receipt begins again.

For more information: Contact legislative analyst Donald Hirasuna at 651-296-8038. This short subject was written by research assistant Anna Hovde and Donald Hirasuna based on Hirasuna and Pirog’s working paper “Reducing Time on TANF through Child Support: Who Receives It and When It Makes a Difference.” For more information about child support in general, see the House Research publication, *Minnesota’s Child Support Laws: An Overview*, June 2007. For more information about welfare recipients and child support receipt, see the House Research publications, *Additional Data on Child Support Receipt Among Welfare Recipients in Minnesota*, August 2007; *Do MFIP Participants Receive Child Support?* June 2007; and *Do MFIP Participants Receiving Child Support Differ from Those Not Receiving Child Support? Findings from 1998 to 2003*, June 2007.

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