

Proponents of a national CSAP have generally envisioned one that is federally run, and they mention various federal agencies as a possible administrative home--for example, the Office of Child Support Enforcement in the Department of Health and Human Services (DHHS), the Social Security Administration, the Internal Revenue Service, or a new office, probably housed in DHHS. Unless the government established automated central registries of child support awards and payments over time for families who were eligible for child support, the most likely choice as CSAP administrators would be the existing CSE agencies.²⁶ But without full automation, administration would be problematic for those agencies.²⁷ Moreover, if the CSE agencies housed the program, their caseloads might have to expand to include all of the families who would apply for CSAP benefits but whose child support payments are now being handled privately.

The costs of administering a CSAP are difficult to estimate because they depend on the exact design of the program. Moreover, no existing income security programs offer close models whose costs can be extrapolated. The Old-Age and Survivors Insurance (OASI) program--or Social Security for retirees and their survivors--incurred administrative costs of about \$50 per beneficiary in fiscal year 1994. Other income security programs cost significantly more in that year: SSI averaged approximately \$300 per beneficiary; Food Stamps, excluding the costs of producing and redeeming the stamps, averaged around \$250 a household; and AFDC averaged roughly \$650 a family. If the CSAP had no means test and was a federally run program with federal administration, then administrative costs should be well below those of the AFDC and Food Stamp programs and also lower than those of SSI (which are boosted by costly medical determinations and redeterminations). However, unless child support systems were fully and effectively automated and already sending child support checks each month to most potential beneficiaries, the administrative costs of a CSAP could be higher than those of OASI because the CSAP would have to track monthly child support payments and recoup benefits in certain cases.²⁸

If the administrative costs per family in a CSAP were between \$100 and \$200, those costs would total roughly \$0.2 billion to \$0.5 billion a year for a CSAP

26. H.R. 4 would have required states to implement automated central registries for all families served by child support agencies and other families whose support orders were established or modified on or after October 1, 1998. The act would also have required the federal government to maintain an automated registry based on information in the state registries.

27. Proponents of a CSAP have sometimes called for federalization of the entire child support system, perhaps under the Internal Revenue Service.

28. As noted earlier, H.R. 4 would have moved state child support agencies in the direction of more automation and the provision of collection and disbursement services to more families.

that had a low maximum benefit and required an award for eligibility; they would total \$0.6 billion to \$1.2 billion for a CSAP with a medium maximum benefit that allowed cooperators and \$0.7 billion to \$1.4 billion for a CSAP with a high maximum benefit that allowed cooperators. A means test; the lack of automated, centralized reporting on child support; or administration at the state or local level would significantly raise the administrative costs of a CSAP above those amounts.

Would a federally run CSAP (with or without state assistance in administering it) be fully federally financed? That approach would certainly be the simplest. However, the federal government could allow states to supplement the federal benefit with their own funds without adding major complexity to the administration of the program. Because the state guidelines that are used in setting child support awards differ considerably from place to place, a fixed federal benefit would replace varying proportions of awards among states. That policy might give states with the highest levels of awards an incentive to supplement the federal benefit.²⁹

Full federal financing could create several problems if it was combined with certain types of program interactions and administration. If families who were receiving AFDC got two checks--one for AFDC and the other for their CSAP benefits--AFDC payments would decline. Because states pay for a portion of AFDC, they would be reaping savings as the federal government was incurring costs. (If legislation similar to H.R. 4 made the AFDC program a block grant that was fully paid for by the federal government, states would save even more by shifting families from AFDC and into a federally financed CSAP. Such a change could make a CSAP more attractive to the states.) Of course, any savings in the state's welfare program could be transferred to the federal government, leaving the relative financing of the programs for the two levels of government in a more even position.

The most serious problem would occur in a system in which states administered the CSAP and continued to run the child support system but the federal government provided all of the funds. The states would then have incentives to operate in ways that would save them money but raise the costs of the CSAP. For example, if states were allowed to realize any of the potential AFDC savings, it would be to their advantage to put into the CSAP as many families who were receiving AFDC as possible, perhaps to the exclusion of other families. More important, states would care less about collecting child support for families who were receiving AFDC because they would be unlikely to benefit as much from the AFDC savings those collections generated. They might also feel less urgency about collecting child support at all, knowing that benefits from the CSAP would make up for some or all of the lost income.

29. Some advocates of a CSAP have also proposed national guidelines for setting awards.

Another problematic area is the cooperation requirement. If states were administering the CSAP, they would also be responsible for effectively implementing and enforcing any such requirement. But with no funds of their own at stake, they might be encouraged to make fewer efforts than they would under a program that they were helping to finance. In addition, they might feel less compelled to adjust upward, on a timely basis, the guidelines for award amounts (and thus save money in the form of CSAP benefits).

If states were required to pay for some portion of the CSAP's costs--even if the portion was a small one--they would have more of an incentive to operate the program efficiently and effectively. Alternatively, funding formulas for the Child Support Enforcement program might be modified to encourage the desired outcomes. For example, the federal government might pay more of the costs of child support cases involving participants in the CSAP than of other cases, or otherwise provide incentives for states to operate in ways that benefited the CSAP.

Relation to Child Support. In the TRIM2 simulations, each dollar of child support paid reduced CSAP benefits by a dollar. In a CSAP whose primary aim was replacing unpaid child support, such treatment would take precedence. However, because the CSAP would provide a strong incentive for noncustodial parents to stop or reduce their payments of child support, something less than a dollar-for-dollar offset might be desirable. For example, a dollar of child support paid might reduce benefits from the CSAP by only 75 cents. Alternatively, the CSAP could "disregard" a fixed amount of child support paid--for example, \$50 a month--in determining benefits. But those alternative designs would raise the costs of the program significantly and move it away from one focused on replacing lost support. To its credit is that it would provide some incentive for noncustodial parents to pay the child support they owed. The strength of that incentive and its effects, however, are unknown.

Another set of issues concerns the symmetry of treatment of child support and CSAP benefits in the AFDC program (and in other means-tested programs like Food Stamps or Medicaid) and in the income tax system. If benefits from a CSAP were treated more favorably than regular child support payments, the incentive for the noncustodial parent to substitute CSAP benefits for child support would increase.

In the AFDC program, families may retain up to \$50 a month from child support they receive; payments exceeding that amount go to the government as a reimbursement for those families' AFDC benefits.³⁰ The principle of symmetry would argue for disregarding in the AFDC program no more than \$50 a month of

30. H.R. 4 would have eliminated this \$50 "pass-through."

CSAP benefits. If families were allowed to retain more than \$50, custodial parents would prefer to receive CSAP benefits rather than child support, other things being equal, because their incomes would increase. Noncustodial parents might also prefer CSAP benefits over payments of child support because those benefits would provide more support for their children, possibly intensifying the incentive for nonpayment of support already provided by the CSAP.

In the income tax system, custodial parents do not pay taxes on the child support they receive; noncustodial parents pay taxes on the income they earn, some of which goes to pay child support. If CSAP benefits were considered taxable income for custodial parents, they would prefer to receive regular child support rather than CSAP benefits, other things being equal.

BEHAVIORAL CHANGES

A child support assurance program is an income security program, and like all such programs, it may change the behavior of people who are eligible for its benefits or are indirectly affected in other ways. For example, it is frequently argued that Social Security may reduce how much beneficiaries work by providing income support when people become disabled. Food stamps may raise the demand for food of the households that are receiving benefits, and the AFDC program, by excluding from eligibility most two-parent families with children, may lead families to break up and couples to have children out of wedlock.

Identifying the behaviors that could be affected by any particular program is usually straightforward. But measuring the magnitude--and sometimes the direction--of the shifts is difficult at best. Insufficient data or the lack of appropriate methodologies may make it impossible to measure those changes with any precision. As a result, little agreement exists on the significance of behavioral change in any specific program.

A CSAP has the potential to affect the behavior of custodial and noncustodial parents in ways that are important conceptually and that could be important in actuality. Any behavioral change would, of course, depend on the specific design of the program. Five areas of behavior might be affected:

- o More parents might secure child support awards for their children.
- o Noncustodial parents--alone or in collusion with custodial parents--might reduce their payments of child support, and custodial parents might be less inclined to vigorously pursue the enforcement of unpaid support.

- o Families who were receiving benefits from a CSAP might reduce the amount they worked, although families who were receiving AFDC in addition to CSAP benefits might work more hours.
- o The rates of family dissolution and out-of-wedlock births might rise and marriage rates might fall.
- o Relationships between custodial and noncustodial parents, and between noncustodial parents and their children, might change.

Securing Awards

Proponents of a CSAP cite its potential effects on the securing of child support awards as one of its greatest advantages. They argue that if CSAP benefits were contingent on having an award or on cooperating fully in seeking one, some custodial parents without awards would be induced to cooperate more fully in securing them. Thus, many CSAP proponents call for a program design that would strongly encourage custodial parents to seek awards.

The most powerful incentive to secure awards would come from a program that required an award in order for a family to receive benefits. Extending eligibility to cooperators would also provide an incentive to secure an award--although a weaker one--as long as the cooperation requirement was relatively strong and strictly enforced. But requiring custodial parents simply to seek the services of child support enforcement agencies would probably do little to raise the number of awards and could lower it, as would the absence of any requirement for securing awards. In those circumstances, receiving CSAP benefits would remove some or all of the financial incentive to secure child support awards and payments from noncustodial parents.

Any incentive to secure awards would be much weaker for families who were receiving AFDC than for other families as long as the benefits from a CSAP merely substituted for AFDC payments. However, if families who were receiving AFDC viewed child support as a potential way off welfare, they might still be motivated to secure support awards. Moreover, for some mothers, child support payments might exceed their AFDC benefits and make them better off, particularly if they had earnings.

Any resultant increase in awards or improvement in cooperation would make more families eligible for CSAP benefits, thus raising the direct costs of the program. All families with new awards who were not yet receiving child support payments and families whose payments fell below the CSAP's maximum benefit would be the

source of the additional costs. Those costs would be reduced by any child support due the families that the CSE agencies could collect. In addition, the increased child support payments would reduce costs in the AFDC, Food Stamp, and other government programs, which to some degree would offset the increased costs of the CSAP.

How CSAPs with different eligibility requirements affect the rate of child support awards is unknown and likely to remain so until scientifically valid demonstrations can be carried out. Some evidence has come from a relatively new program--the Child Assistance Program (CAP)--that serves families who are receiving AFDC and that is being run in a number of counties in New York. Researchers found that making program benefits contingent on having an award increased the proportion of families who secured new child support awards over the study period. New York's CAP differs significantly from a pure CSAP; thus, any inferences drawn from its impacts about the effects of a CSAP are problematic.³¹

Reducing Child Support Payments

Because benefits from a CSAP would substitute for some portion of the child support paid by noncustodial parents, those parents would have an incentive to reduce their payments. Noncustodial parents might take that action independently, or they might collude with custodial parents and share the increased income. In addition, with the CSAP benefits in hand, custodial parents might pursue enforcement of unpaid child support less vigorously. How much payments might be reduced would depend not only on the behavior of the parents but on the enforcement capabilities of the child support system. The size and design of the CSAP would also be a factor; for example, the higher the level of the maximum benefit, the greater would be the potential for lost child support. In any event, reductions in child support payments would raise the costs of a CSAP as well as the costs of enforcement in the CSE program.

No direct evidence is available on the effect a CSAP would have on child support payments. However, recent evidence on how AFDC affects the payment of child support can offer some insights into a CSAP's possible impact. Under most designs, a CSAP would reduce its benefits by a dollar for every dollar of child support that was paid. The AFDC program has a similar policy in that the

31. See William L. Hamilton and others, *The New York State Child Assistance Program: Program Impacts, Costs, and Benefits* (Cambridge, Mass.: Abt Associates Inc., July 1993); and Nancy R. Burstein, "Changes in Child Support Status Among AFDC Recipients: Evidence from the New York State Child Assistance Program Evaluation" (paper presented at the 16th Annual Research Conference of the Association for Public Policy Analysis and Management, Chicago, Illinois, October 27-29, 1994).

government retains in full any child support payments over the \$50 a month that the family who is receiving AFDC is allowed to keep. Thus, AFDC offers noncustodial parents an incentive to reduce the payments of child support they make through CSE agencies and instead provide informal, “under-the-table” support.

In fiscal year 1993, less than 15 percent of mothers who were receiving AFDC got formal child support--that is, through the CSE system. Two recent studies employing in-depth interviews of small samples of mothers who were owed child support and fathers who owed it indicate the part that the financial disincentive played in the failure of those parents to secure child support awards or to report payments of child support.

More than one-half of the mothers in one study (for at least one of their children’s fathers) did not comply with the AFDC requirement for cooperation in locating fathers to secure child support awards and payments.³² Of those noncomplying mothers, 41 percent covertly received, on average, \$100 of child support a month. Almost two-thirds of the mothers who received covert payments said they preferred them because they did not have to report them and thus were made better off financially. However, for many of those mothers, other reasons such as the fathers’ low earnings or unemployment were also a factor in their lack of cooperation.

Focus group interviews with noncustodial fathers found similar views of the child support system. Fathers understood that child support payments went to reimburse the state for AFDC benefits rather than to the children, although not all of the fathers knew that the mothers received up to \$50 of the monthly payment.³³ The fathers indicated that the mothers often did not initiate any formal child support actions, which was consistent with the information that the mothers provided. A related study found that 32 percent of noncustodial parents felt that having their child support payments go to “welfare” or “the state” rather than to their children was a good reason for not paying that support.³⁴

32. Kathryn Edin, “Single Mothers and Absent Fathers: The Possibilities and Limits of Child Support Policy” (Center for Urban Policy Research, Rutgers University, March 1994). The study was based on interviews with 214 AFDC mothers in four cities: Cambridge, Massachusetts; Charleston, South Carolina; Chicago, Illinois; and San Antonio, Texas.

33. Frank F. Furstenberg Jr., Kay E. Sherwood, and Mercer L. Sullivan, *Caring and Paying: What Fathers and Mothers Say About Child Support* (New York: Manpower Demonstration Research Corporation, July 1992). The interviews were with 42 fathers in New York City, many of whom had children who were receiving AFDC.

34. Dan Bloom and Kay E. Sherwood, *Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents’ Fair Share Pilot Phase* (New York: Manpower Demonstration Research Corporation, April 1994). The Parents’ Fair Share demonstration is a test of programs that require

To ensure that awarded child support was actually paid, policymakers could draw on two programmatic options. First, they could put greater resources into securing the cooperation of custodial parents and enforcing the payment of child support by noncustodial parents. Second, as part of its design, the CSAP could reduce its benefits by less than a dollar for every dollar of child support paid, which would diminish the incentive to reduce support payments.³⁵ That option, however, could increase the costs of a CSAP sharply unless the level of the maximum benefit was cut. Moreover, the option's effects on child support payments might be limited.

Changes in How Much People Work

A CSAP would have different effects on how much beneficiaries worked, depending on whether they were receiving AFDC. The hours worked by families who were not receiving AFDC would decline because benefits from a CSAP would increase their nonwage income. Moreover, if CSAP benefits provided a more stable source of income than child support payments from noncustodial parents, that stability might reinforce any downward effect on work hours. A recent study of the potential labor-supply effects of a CSAP found a small reduction in the work hours of mothers who were not receiving AFDC.³⁶ The reductions ranged from just over 1 percent to about 2.5 percent, rising with the level of the maximum benefit and the number of mothers who were eligible for benefits.

If CSAP benefits were means-tested, the program's potential effect on the hours of work of parents who were still eligible for those benefits would be heightened. By taxing away part of every dollar earned (in the form of a reduction in benefits), the program would lower the effective wage rates of custodial parents. That drop would encourage them to substitute leisure or other unpaid work for hours of paid work. However, because a means test would make many parents who were

noncustodial parents of children on welfare to participate in employment or other related programs if they are unemployed and unable to pay child support. The information in the text was based on responses to questions on the program's enrollment form for its pilot phase; the pilot phase involved approximately 2,000 noncustodial parents referred to the program at its sites in nine states.

35. A study that designed a CSAP for Minnesota discussed two ways to handle the benefits/child support payments issue: benefits could decline by 50 cents for each dollar of child support paid, or the program could provide a small benefit if no child support was paid and match any support paid at a declining rate as those payments increased in size. See Daniel R. Meyer and others, *Developing a Child Support Assurance Program for Minnesota*, Special Report No. 66 (Madison, Wis.: Institute for Research on Poverty, 1995).
36. Daniel R. Meyer and Rebecca Y. Kim, *Incorporating Labor Supply Responses into the Estimated Effects of an Assured Child Support Benefit*, Discussion Paper No. 1033-94 (Madison, Wis.: Institute for Research on Poverty, 1994). This research was based on simulations of CSAPs with different designs using labor-supply parameters available in the economics literature.

not receiving AFDC ineligible for benefits from a CSAP, the overall reduction in total hours of work could be either more or less than would occur with a non-means-tested CSAP.

By contrast, the effect of benefits on the work hours of mothers who continued to receive AFDC after a CSAP was in place would probably be positive. The traditional economic model indicates that recipients of AFDC will compare their income and leisure as program participants with the income and leisure available to them as nonparticipants--and make the choice that leaves them better off. Because CSAP benefits would increase the income of recipients if they were not getting AFDC (and under most designs leave it unchanged if they were), some mothers would increase their hours of work and leave the AFDC program.

Other mothers who were receiving AFDC would become ineligible for that program by virtue of receiving CSAP benefits. Some of those mothers would probably begin to work because the "tax" on their earnings (in the form of reduced benefits) would be eliminated if benefits from the CSAP were not means-tested. The hours worked by mothers who already had some earnings while they were receiving AFDC could either rise or fall. On the one hand, their nonwage income would increase as a result of the CSAP benefits, which would cause their hours of work to drop. On the other hand, the tax rate on their earnings would decline, which would cause their hours of work to rise.

The study by Daniel Meyer and Rebecca Kim estimated that mothers who were receiving AFDC would work more with a CSAP in place--the increase ranged from 3 percent with a low maximum benefit and an award required for eligibility to 24 percent with a medium maximum benefit and cooperators allowed to participate. However, those increases were added to low average work hours before the CSAP of only 212 a year. After combining the effects on the number of hours worked by all mothers--both those who were and were not receiving AFDC--the authors found about a 1 percent decline in work hours. Thus, the potential adverse effect of a CSAP on how much beneficiaries work appears to be small.

Increasing Family Dissolution and Out-of-Wedlock Births

By providing more income or more secure income in the event of divorce or separation, the benefits from a CSAP might contribute to marital disruptions. In addition, mothers who had a child outside of marriage might be less inclined to marry or to live with their children's fathers because benefits from a CSAP would then be lost. Or parents might decide to have a first child or to have more children (possibilities that must always be considered with any benefit that depends on the

presence of children or the number of them). Those additional births would have to be outside of marriage for the children to qualify for benefits.

Benefits from a CSAP could also increase or decrease the number of marriages by custodial mothers to men other than their children's fathers. On the one hand, custodial mothers would become more attractive marital partners because of their increased income from the CSAP. On the other hand, the increased income would give them greater freedom to decide whether to remarry.

The AFDC program already provides similar incentives and disincentives to low-income families who are eligible for its benefits. If benefits from a CSAP were larger than AFDC benefits, those incentives and disincentives would be heightened. Moreover, a CSAP would extend such incentives and disincentives to families with incomes and assets that were too large for them to be eligible for AFDC.

Studies of AFDC suggest that its effects on the formation and dissolution of families are small, but such effects are difficult to measure.³⁷ Moreover, because all single parents with low incomes and few assets are eligible for AFDC, it has never been possible to test the effects of the existence of the program rather than just the effects of variations in its benefit levels among the states.

Altering Relationships Between Parents and Between Parents and Their Children

A program that provided benefits when noncustodial parents did not meet their obligations for child support could alter the dynamics of family relationships. Relationships might improve in families in which noncustodial parents often missed child support payments. For example, custodial parents might resort less to withdrawing visitation rights for failure to pay support. A number of studies have found that those issues (failure to pay child support and visitation) are important sources of conflict between custodial and noncustodial parents. Moreover, the two issues are related, although causation is complex.³⁸

The potential exists as well for secondary effects on family relationships. For example, if the noncustodial parent reduced his payments of child support because

37. For a recent survey of such studies, see Robert Moffitt, "Incentive Effects of the U.S. Welfare System: A Review," *Journal of Economic Literature*, vol. 30, no. 1 (March 1992).

38. For example, see Robert I. Lerman and Theodora J. Ooms, *Young Unwed Fathers: Changing Roles and Emerging Policies* (Philadelphia: Temple University, 1993); Freya L. Sonenstein and Charles Calhoun, *The Survey of Absent Parents: Pilot Results* (Washington, D.C.: Urban Institute, 1988); Furstenberg, Sherwood, and Sullivan, *Caring and Paying*; and Bloom and Sherwood, *Matching Opportunities to Obligations*.

of the availability of CSAP benefits, the relationship between the parents could deteriorate. The result might be less contact between the noncustodial parent and his children. Alternatively, an increase in the number of child support awards or establishments of paternity might encourage more contact between noncustodial parents and their children.

Illustrative Effects of Selected Behavioral Changes

To illustrate how certain behavioral changes might affect a CSAP--that is, its costs, its effects on families and their incomes, and its impact on the poverty rate and the poverty gap--CBO simulated the program under seven variants of increases in child support awards and reductions in child support payments:

- o The number of women with child support awards rises by 10 percent, but their child support payments remain unchanged at zero.
- o The number of women with child support awards rises by 10 percent, but their child support payments increase to approximately equal the average payment-to-award rates and payment amounts for all families with awards.
- o The number of women with child support awards rises by 30 percent, but their child support payments remain unchanged at zero.
- o The number of women with child support awards rises by 30 percent, but their child support payments increase to approximately equal the average payment-to-award rates and payment amounts for all families with awards.
- o Of the women who have been receiving partial child support payments, 10 percent now receive no payments.
- o Of the women who have been receiving partial child support payments, 30 percent now receive no payments.
- o The number of women with child support awards rises by 30 percent, and their child support payments also rise. In addition, 30 percent of women who had been receiving partial payments now receive no payments.

The assumed changes of 10 percent and 30 percent are only illustrative; as discussed earlier, no evidence exists on how large those changes might be.

Moreover, use of that range does not imply that behavioral changes would fall within its boundaries. Changes could well be below 10 percent and might even be above 30 percent, although that large a change in response to financial and other incentives would be unusual.

In conducting the simulations, TRIM2 randomly chose the families within each marital status who were to be affected by a change in behavior. Because of small samples and other technical aspects of the simulations, the percentage of women who were affected was somewhat smaller than the specified percentage. For those with an increase in awards, the proportions of women affected were 9.8 percent and 29.1 percent rather than 10 percent and 30 percent; for those with a decrease in child support payments, the proportions were 9.3 percent and 28.8 percent, respectively. The simulations assumed that all of the families who were affected by a behavioral change would participate in the CSAP (that is, the participation rate for those families was set at 100 percent).

The simulations of increases in awards used two assumptions about the payment of child support. Under the first assumption, no child support was paid for those families who sought awards. That assumption is too pessimistic for the actual circumstances, but it does reflect two realities of the child support system. First, many of the women might never be awarded child support because enforcement agencies might not be able to locate the fathers, establish paternity when necessary, and secure the awards. If considerable time had passed since the women last had contact with the fathers, securing awards would be particularly difficult. In a CSAP that made benefits contingent on having an award, those families who tried but failed to secure awards would not be eligible for the program and thus could not raise the costs of the program. In a CSAP that extended benefits to cooperators, those families would be eligible for benefits even if no award was secured for them. Second, the pessimistic assumption that no support would be paid allows for the time that it would take to secure awards. In the short run, no child support payments would be made because there were as yet no awards.

Under the second assumption, families with new awards received child support payments at roughly the same rates and in the same amounts as other families with awards. That assumption is probably too optimistic because of the difficulties child support enforcement agencies would have in securing awards after the passage of time.

The simulations of reductions in child support payments used a restrictive assumption, namely, that only families who were receiving partial child support payments would be affected. (In the two simulations, 10 percent and 30 percent of those families would lose all payments.). Families who received the full amount due--two-thirds of all families who were receiving child support--would be

unaffected. The reasoning behind that assumption was that noncustodial parents who made full payments would either be motivated enough to continue them or would have difficulty reducing them because of the withholding of their payments from wages or the use of other enforcement procedures. As a result, total child support payments under this assumption declined by only 1.4 percent and 4.7 percent for the two simulations, not 10 percent and 30 percent, respectively. Thus, a reduction in child support payments as a result of any change in behavior could be considerably larger and have much greater implications for a CSAP than the impacts shown here.

Rising Award Rates. If the number of women with child support awards increased by 10 percent but they received no child support payments, the net costs of a low-benefit, award-required standard design package would rise significantly--in 1995, by \$0.7 billion, or 52 percent, to \$2.0 billion (see Table 9).³⁹ About 630,000 additional families would receive benefits.

If some of the families with new awards also received child support, the net costs of the CSAP would drop slightly, based on this simulation. Although just over 300,000 more families would receive benefits, causing the gross costs of the program to climb, increased savings in the AFDC and Food Stamp programs from a larger number of collections of child support would more than offset the higher costs for CSAP benefits. In reality, the net costs of this particular CSAP could rise or fall, depending on the proportion of families who received child support, the amount of their child support payments, and the mix between families who had new awards and were receiving AFDC and families who were not. Because the proportion of the families with new awards who received child support payments would probably be smaller than the average, the increment in net costs would probably be positive. Moreover, if the CSAP had a higher level of benefits, the likelihood of any savings in costs would be small.⁴⁰

With a 30 percent increase in the number of women who sought and acquired awards, the net costs of the program would more than double to \$3.3 billion in 1995 when compared with a low-benefit, award-required standard design package (excluding behavioral effects). An additional 1.9 million families would receive benefits, for a total of 4.2 million. The percentage of families who would lose their eligibility for AFDC would more than double to 2.9 percent. Reductions in the

39. As discussed above, the assumption that no child support will be paid is unrealistic for a program that requires an award for eligibility. If child support enforcement agencies were able to secure awards for the families, they would be able to enforce the payment of some child support.

40. A CSAP that allowed cooperators would have much larger increases in costs for these same behavioral changes.

poverty rate and poverty gap would about double. As with the smaller behavioral effect, the net costs of the CSAP would decline slightly if the families with new awards also received child support payments at the average rates and amounts of other families.

Declining Child Support Payments. If the number of women who received partial payments of child support dropped by 10 percent, the net costs of the program would increase by \$0.2 billion, or 12 percent, in 1995, and the effects on families' incomes and their poverty status would remain largely unchanged (see Table 10). In a simulation that assumed a 30 percent decline in the number of women who were receiving partial payments, net costs would rise by \$0.6 billion, or 43 percent, and another 160,000 families would receive benefits. Family incomes would not rise as much, nor poverty drop as much, as before the behavioral change. The modest nature of these effects reflects the assumption that noncustodial parents who were paying the full amount of support that was due--which went to two-thirds of all women who were receiving support payments--would not have their payments reduced at all.

Simultaneous Increase in Awards and Decrease in Payments. A rise in the number of women with awards and a decline in child support payments would both operate in the same direction in terms of the gross costs of the program. As a result, gross costs would rise by \$1.8 billion, or 70 percent, to \$4.4 billion in 1995 under the assumption of a change of 30 percent (see Table 11). Savings in the AFDC and Food Stamp programs would still rise but not by enough to fully offset the increase in gross costs. As a result, the program's net costs would increase by \$0.6 billion, or 45 percent. Almost 1.1 million, or 46 percent, more families would receive CSAP benefits than before the behavioral changes.

These simulations illustrate how behavioral changes could significantly alter the costs of a CSAP and its effects on families' incomes and poverty status. Although strong evidence on the possible magnitude of any behavioral changes is nonexistent, some research discussed earlier indicates the potential for relatively large impacts. Thus, before the full implementation of a CSAP, carefully planned demonstrations that could measure behavioral effects, as well as the effects of alternative designs and administrative feasibility, should be a major consideration of policymakers.