



# CENTER FOR FAMILY POLICY AND PRACTICE

~New Thinking

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### **Twelve State's General Assistance Programs Open to Employable Noncustodial Parents; Income and Asset Rules Typically Limit Eligibility to People Experiencing Extreme Poverty**

For very low-income noncustodial parents struggling to achieve economic security, general assistance programs may become an increasingly important source of emergency financial support in the shrinking number of states that still offer such programs. This is especially true among people in communities of color which continue to experience very high rates of unemployment—more than two years after the official

end of the Great Recession—as well as low rates of eligibility for unemployment insurance (see related article on page 4 of this policy briefing).

A recent report from the Center on Budget and Policy Priorities (CBPP), “General Assistance Programs: Safety Net Weakening Despite Increased Need,” examines the declining number of “last resort” programs available to very poor people who do not qualify for other government assistance, such as TANF or Supplemental Security Income (SSI). The report finds that only 28 states had general assistance programs as of July, 2011. Although CBPP reports that general assistance programs are typically designed to serve “childless adults” “who do not have minor children,” it is important to note that employable noncustodial parents are eligible for assistance under certain limited circumstances in 12 states, accounting for about 34% of the U.S. population. Six of these states are clustered in the Northeast region, the other six scattered across the Midwest and West; none are in the Southern states.

The following analysis focuses on employable noncustodial parents and their eligibility to receive general assistance in these 12 states, with an emphasis on the economic security of individuals in the context of their families and households. Typically, general assistance programs have extremely low income and asset eligibility thresholds, though most allow a person to own a vehicle and a residence. In some states, otherwise employable people are eligible for assistance if they are needed at home to care for another person, or are age 55 or older. Three states typically require people to pay back the assistance—these benefits are not an entitlement. In five of the twelve states, there are time limits on general assistance. Low-income noncustodial parents who are struggling to support themselves, their children, and/or caring for other household members, may find themselves left with no other safety net resources.

The first hurdle that a noncustodial parent must overcome to qualify for a state general assistance program is typically related to family structure, household composition or age. For example, New Jersey limits its program to people who do not have dependent children. New York adds the additional restriction that a dependent child cannot be in the same household, raising the possibility that an adult could qualify for

benefits as long as their dependent child is living in a different household. Given the complex structure of many families, a low-income noncustodial parent paying child support may also have other children who are financially and/or legally dependent on that parent, whether they live in the same household or not. Being age 55 or older can also be the basis for a person's general assistance eligibility in three states.

Noncustodial parents who are providing care to a person in the same household—for example a child or an ill or disabled adult—may be deemed unemployable and therefore qualify for general assistance benefits in seven states. Indiana and Minnesota will assist an adult caring for any child in the same household, however other states limit benefits based on the age of the child or the relationship to the adult caretaker. Age limits for children vary widely, from one year old in California, to 13 in Pennsylvania which has the additional qualification that the adult cannot be related to the child; Massachusetts also requires that the adult have legal custody or guardianship. All seven states provide benefits for an adult taking care of an ill or disabled person in their household, though Connecticut requires that they be spouses, and California requires that they be family. In Massachusetts and Pennsylvania, being the caretaker of a household member is the only way that an employable adult can receive general assistance.

A person's income must be extremely low to qualify for general assistance, typically below one-quarter to one-third of the federal poverty guidelines. People with such low incomes are often considered “very poor” or experiencing “extreme poverty.” In five of the states, the net income for a single person must be below \$203 to \$300 per month, or around 24% of the federal poverty guideline. In households with two people, for example a noncustodial parent caring for a child or other household member, income limits in five states are slightly higher, ranging from \$290 to \$400 per month, or about 24% to 36% of the poverty guideline. A few states have higher limits, New York's being the highest at \$919 for a single person.

Asset and resource limits are also extremely low, though nearly all states make an exception for a person to own a vehicle, especially if needed for employment, and a residence. In seven states, the asset and resource limit is \$250 to \$500 for a single person; in other states, limits range from \$1,000 to \$2,000. In five states, the limit for two-person households or families ranges from \$500 to \$1,000. Some states do not place a limit on the value of a vehicle that a person owns, however other states have limits ranging from \$1,200 to \$5,000; New York allows a vehicle worth up to \$9,300 if it is needed for employment. Most states do not place a limit on the value of a person's home. The two exceptions are California and Nebraska, which require that the person have equity of less than \$34,000 or \$35,000 respectively.

Repayment of general assistance received is typically required by three state programs, reinforcing the fact that this assistance is not an entitlement. In these states, low-income noncustodial parents who receive assistance will also be amassing debt on top of other money they may owe, such as child support arrears or fines and fees related to criminal justice involvement. The programs in California and Connecticut simply require repayment. In California and Indiana, programs will make an exception for the portion of assistance received that is credited for the person completing a workfare assignment.

For further information about the general-assistance programs that are open to employable noncustodial parents, including links to program policy manuals, please see a longer version of this article at:

[http://www.cffpp.org/publications/Noncustodial\\_Parents\\_and\\_General\\_Assistance.pdf](http://www.cffpp.org/publications/Noncustodial_Parents_and_General_Assistance.pdf)

## Hispanic Workers 26% Less Likely to Receive Unemployment Insurance in Selected States; Black Workers 9% Less Likely

Unemployed Hispanic and black workers were less likely to receive unemployment insurance (UI) in 2010 in many states. Our analysis of data from the U.S. Department of Labor for 17 selected states suggests that Hispanic or Latino workers were 26% less likely to receive unemployment insurance (UI) in 2010 than workers who are not Hispanic or Latino. A similar analysis of 15 selected states suggests that Black or African American workers were 9% less likely to receive UI in 2010 than white workers. In the states analyzed, unemployed Hispanic or Latino workers received UI at a rate of 25%, compared to 34% for unemployed workers who were not Hispanic or Latino. Black unemployed workers received UI at a rate of 29%, compared to 32% for white unemployed workers. An analysis of 15 states for 2009 by the Kirwan Institute found similar results: In “(Why) Are African Americans and Latinos underrepresented among UI beneficiaries?” Kirwan reported that Latino workers were 24% less likely, and black workers were 9% less likely, than white workers to receive unemployment insurance.

CFFPP selected the following states for analysis because their UI programs report ethnicity or race for at least 95% of UI recipients. The states included in both groups were: Alaska, Arkansas, District of Columbia, Georgia, Illinois, Louisiana, Mississippi, Pennsylvania, and Tennessee. The analysis of Hispanic workers also included: Connecticut, Delaware, Idaho, Maryland, Massachusetts, North Carolina, North Dakota, and Oklahoma. The analysis of black workers also included: Alabama, Kentucky, Montana, Ohio, South Carolina, and West Virginia. Each group of states included about 26% of all unemployed workers in 2010.

The majority of UI programs do not comprehensively report the race or ethnicity of workers receiving benefits, making it difficult to estimate how well programs respond to the needs of people of color. For example, Texas reports ethnicity for about 92% of UI recipients. Even if all 8% of UI recipients who were missing ethnicity data are assumed to be Hispanic, only 21% of unemployed Hispanic or Latino workers in Texas would have received benefits. A similar analysis of Florida, which reports race for 84% of UI recipients, would raise the rate of black unemployed workers receiving UI up to just 35%.

The low rates at which unemployed Hispanic and black workers receive UI reflects a general trend among low-income workers that the U.S. Government Accountability Office (GAO) identified in a 2007 report titled “Unemployment Insurance: Receipt of Benefits Has Declined, with Continued Disparities for Low-Wage and Part-Time Workers.” The GAO found that in 2003 low-wage unemployed workers received UI at a rate of 14%, compared to 37% for higher-wage workers. To be eligible for UI, unemployed workers must generally earn a minimum amount during a 12-month period in the most recently completed four or five calendar quarters. Some characteristics of unemployed low-wage workers are associated with reduced chances of receiving UI, including: not earning enough to be eligible, part-time or sporadic work history, and having worked in the retail and service industries. To the degree that unemployed Hispanic and black workers are more likely to both have lower earnings and work in the retail and service industries, they are also less likely to receive UI benefits.

The Department of Labor data used for our analysis can be accessed online. Please see: “Characteristics of the Insured Unemployed: Percent Distribution of Characteristics of the Insured Unemployed, Report for Calendar Year 2010” at <http://workforcesecurity.doleta.gov/unemploy/chariu.asp> ; and “Employment status of the civilian noninstitutional population in states by sex, race, Hispanic or Latino ethnicity, marital status, and detailed age; 2010 annual averages” at <http://www.bls.gov/lau/table14full10.pdf>

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## **Alabama Reduces Interest Rate on Child Support Arrears; 39% of U.S. Child Support Cases Potentially Subject to Routine Interest Charges**

Low-income noncustodial parents struggling to achieve economic security typically have interdependent financial goals: increase income from employment, while reducing debts and other financial obligations in order to begin to save money and build assets. For low-income parents paying child support, managing and paying down child support arrears can be a formidable and often insurmountable barrier. In some states, this barrier is raised even higher by the fact that interest is routinely charged on child support debt. As Elaine Sorenson, et al, reported in “Assessing Child Support Arrears in Nine Large States and the Nation” (Urban Institute, 2007), “The primary factor that has caused arrears to grow so dramatically has been the assessment of interest on a routine basis.”

In recent years, at least four states have reduced the rate of interest that noncustodial parents are charged on their child support arrears. One of these states, Alabama, falls into the category of states cited by the Urban Institute that routinely charge interest on arrears. In Alabama, the interest rate charged to noncustodial parents for child support arrears was recently reduced by about a third, to 7.5% per year. This reduced rate will apply to new judgments entered on or after September 1, 2011. Previously, the interest rate on arrears had been 12%. The old rate will still be charged for any judgments that noncustodial parents have dating back to November 13, 1981.

According to the Office of Child Support Enforcement’s (OCSE) Intergovernmental Referral Guide website, there are 18 states that routinely charge noncustodial parents for interest on child support arrears. These states account for about 6 million child support cases, meaning that about 39% of all child support cases in the U.S. are potentially subject to the routine assessment of interest on arrears. Of these, there are now six states that have interest rates higher than Alabama’s: Rhode Island and Wisconsin charge 12%; Arizona, California, and Oklahoma charge 10%; and Illinois charges 9%.

An April, 2011, article from California Watch titled “High interest rate driving state’s child support debt,” detailed the issue in that state. In California, about 80% of child support arrears, or \$15.4 billion, is owed by low-income noncustodial parents earning less than \$15,000 per year. Because the corresponding custodial parents are also typically low-income, and have received welfare benefits, “about 70 percent of California’s child support debt is owed to the state” to reimburse welfare costs. According to the article, since 2005, four bills have been proposed in the state legislature that would have either reduced the interest rate, or put interest on hold in certain circumstances. All four bills were defeated.

Some other states have statutorily lowered the interest rate that applies to child support arrears in recent years, particularly in states that do not routinely assess interest. In Florida, the current interest rate for judgments is 4.75%, down from a recent peak of 11% in 2007. In Ohio, the rate for 2011 is 4%, and is scheduled to decrease to 3% in 2012; this is down from a peak of 8% in 2007. In Michigan, the routine assessment of a surcharge on child support arrears was discontinued as of January 1, 2010. The current Michigan policy allows judges the discretion to assess interest twice a year at a rate of 3%, down from a peak of 5.8% in 2006.

In the 20 states that do not routinely charge noncustodial parents interest on their child support arrears, several states have high interest rates. Both Colorado and Kentucky charge 12% compound interest (as opposed to simple interest). Missouri and South Dakota may charge 12%, and Indiana may charge 18%, if

the custodial parent petitions the court to have interest assessed on the arrears. Tennessee, Vermont and Washington also have interest rates of 12% that can be applied to adjudicated arrears. These 20 states account for about 45% of the national child support caseload.

Lastly, the District of Columbia and the following 12 states do not charge interest on child support arrears: Connecticut, Delaware, Hawaii, Idaho, Louisiana, Maine, Montana, New Hampshire, New Jersey, North Carolina, Pennsylvania, and South Carolina. From among these states, Maine is authorized by statute to charge 6% on judgments arising from child support, but chooses not to charge interest to noncustodial parents. These states account for about 16% of the national child support caseload.

For detailed profiles of state child support programs across the U.S., including policies related to arrears, please see the Office of Child Support Enforcement (OCSE) Intergovernmental Referral Guide website. Go to the link below, click on “Public User” in the login box at the lower right, then click on the map to select a state:

<https://extranet.acf.hhs.gov/irgauth/login>

#### **Mission Statement**

The mission of the **CENTER FOR FAMILY POLICY AND PRACTICE (CFFPP)** is to strengthen society through the expansion of opportunities for low-income parents – mothers and fathers – to protect and support their children. CFFPP operates as a policy think tank to remove the unique barriers and negative public perceptions that affect low-income men of color. Through technical assistance, policy research and analysis, and public education and outreach, CFFPP works to support low-income families and develop public awareness of their needs.

**Contact Us:** If you would like to share comments, questions, ideas for future briefing topics, or to sign up for our email list, please contact Nino Rodriguez, Program and Policy Specialist, at [nrodriguez@cffpp.org](mailto:nrodriguez@cffpp.org), or visit the CFFPP website at: <http://www.cffpp.org/emailupdates.php>

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