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Child maintenance and child poverty: A comparative analysis

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Luxembourg Income Study
Working Paper Series

Working Paper No. 555

Child Maintenance and Child Poverty:
A Comparative Analysis

Mia Hakovirta

December 2010
Child maintenance and child poverty:

a comparative analysis

by

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Abstract

This article uses the Luxembourg Income Study datasets from circa 2004 to analyse the contribution child maintenance makes to the reduction of child poverty. The countries compared are Canada, UK, USA, Germany, Norway, Denmark, Sweden and Finland representing countries with different child maintenance schemes. Results show that the contribution that child maintenance makes in reducing overall child poverty is minimal but it can reduce child poverty among non-widowed lone mother families if maintenance is received. Countries guaranteeing child maintenance payments by the state are more effective in reducing child poverty.

Key words: child maintenance, child support, child poverty, comparative study, lone parents
Introduction

The increasing diversity of families responsible for raising children sets serious challenges for welfare states. More complex family ties raise the question of what sort of responsibility and obligations should follow from different forms of private relationships and what role the welfare state should take in governing family life. The family laws in many countries assume that the legal duty to provide for children rests with both parents and parents are in most cases under an obligation to support their children even if they are separated or divorced or have never lived as a couple (Wikeley, 2009). Child maintenance policy has been developed to secure the living standards of children after parental relationship dissolution with the aspiration that child maintenance will reduce the poverty of children whose parents do not live together (Bradshaw, 2006; Skinner and Curry-Sumner, 2009).

Most OECD countries have formal child maintenance systems that seek to ensure the compliance of non-resident parents (Corden, 1999; Skinner et al., 2007; Skinner and Davidson, 2009). In the broadest sense, child maintenance is defined as a regular contribution from a non-resident parent towards the financial cost of raising a child, usually paid to the parent with whom the child lives most of the time. The Nordic and some central European countries operate with systems of guaranteed maintenance which means that the welfare state guarantees to ensure children actually receive maintenance if the other parent is unable or unwilling to pay. (Millar and Warman, 1996; Corden, 1999; Skinner et al., 2007; Skinner and Davidson 2009.)

Child maintenance schemes have become more important with the growing number of divorces and the increased prevalence of lone parent families across countries. Further, it is well documented that lone parents and children living in lone parent families carry a high likelihood of poverty and deprivation across countries (Ritakallio and Bradshaw, 2006; Hakovirta and Rantalaiho, 2009; Skinner and Davidson, 2009).

1 Maintenance obligations might differ if parents have equal share residency of their children (Hakovirta and Rantalaiho, 2009; Skinner and Davidson, 2009)
Gornick and Jäntti, 2009). Most debate about the financial problems of lone parent families has often been directed toward finding solutions in the route to employment or improvement of social security benefits for lone parents. Much less significance has been directed to the financial support received from the non-resident parent, though the lack of economic support from the non-resident parent may be a specific risk factor for lone parent families. If lone parents could receive an income from the child’s non-resident parent it might potentially reduce child poverty among lone parent families.

The financial ties to children after parental separation may also affect other aspects of parents’ involvement with their children. Parents who pay child maintenance are more likely to have frequent contact with their children than those who do not pay child maintenance (Amato and Gilbreth, 1999; Bradshaw et al., 1999; Wikeley et al., 2008). Encouraging both parents to remain involved in their children’s lives, even when parents are no longer a couple, may therefore be an important tool for improving the well-being of children after parental separation. Many studies indicate that the interest of children in a post-separation situation is generally best served when children can maintain continuing and frequent contact with the non-resident parent and the non-resident parent pays child maintenance (Amato and Gilbreth, 1999; Pryor and Rodgers, 2001).

In many countries the legislation concerning child maintenance has been reformed in the last few years and there is a need to provide a comparative overview of the potential contribution maintenance payments could make to incomes and child poverty reduction. This paper investigates the contribution child maintenance can make to child poverty reduction in Finland, Norway, Denmark, Sweden, USA, UK, Canada and Germany. The countries represent different clusters of child maintenance schemes (Millar, 1996; Corden, 1999; Skinner et al., 2007; Skinner and Davidson, 2009). The latest wave of the Luxembourg Income Study database (circa year 2004) is used for analysis since it provides a consistent framework for comparative studies.
Different child maintenance schemes and child poverty

The reorganization of parental relations after separation or divorce leans towards the right of the child to build up and maintain a relationship and to receive maintenance from the non-resident parent with whom the child is not sharing his/her everyday life. The responsibility for children is not based on marriage and partnership but rather on parental obligation towards the children (Maclean and Eekelaar, 1997; Wikeley, 2009). From the parental point of view, it is the legal responsibility of both parents to take charge of the child’s care, education and maintenance in accordance with their abilities, regardless of whether the child is taken care of by both parents or by one of them (Millar and Warman, 1996; Wikeley, 2009).

Parental obligations after parental separation or divorce differ substantially between countries in terms of their underlying philosophy, structures, rules and organization and in particular their very different outcomes. According to Millar (1996), in Anglo-Saxon countries the state is acting to enforce family obligations between parents and children. Another philosophy is followed in the Nordic and Central European countries: the principle is that every child has a right to be adequately provided for and that child maintenance is the right of the child and at least a portion of the maintenance is ensured regularly by the state if the non-resident parent does not pay maintenance.

Skinner, Bradshaw and Davidson (2007) and Skinner and Davidson (2009) have undertaken a large cross-national research project on child maintenance schemes in 14 countries, considering the logics of formal decision making, the determination of child maintenance obligations and the enforcement and penalty provisions used in the event of non-compliance. They clustered countries according to the weight they gave to either the court and/or agency in child maintenance policy using the data they collected in 2006. At that time three maintenance regimes were identified as operating: court, agency and hybrid. In Austria, Belgium, Canada, France, Germany and Sweden courts had the main responsibility for the determination of formal child maintenance obligations. In Australia, Denmark, Norway, New Zealand and the United Kingdom an administrative agency was responsible for the
assessment, collection and transference of child maintenance obligations and the countries were clustered to the agency model. In Finland, the Netherlands and the USA, responsibility for the determination of child maintenance obligations lies with several institutions, for example, with the municipal welfare board and/or the court.

It would seem, therefore, that countries have adopted different ways to take charge of the maintenance of children and it is almost certain that these diverse maintenance schemes also have different outcomes in terms of child poverty. There are at least three ways the child maintenance policy may have an impact on poverty (Bradshaw, 2006). Firstly, it may reduce child poverty directly by increasing the incomes of lone parent families to such an extent that they pass above the poverty threshold. Secondly, it may increase poverty among non-resident parents because they have to pay child maintenance, and therefore reduce the income available for the children in their new families. Thirdly, child maintenance may have an impact on child poverty in the long run, by altering the behaviour of those involved, for example discouraging employment.

Most of the current research on child maintenance and poverty has been made with national materials. Bartfeld (2000) documented from the USA that the poverty rate in lone parent families was reduced by child maintenance 7 to 11 percentage points, up to 26 percentage points depending how much time it was from the parental separation. Meyer and Hu (1999) found out that child maintenance in the USA brought 6-7 per cent of poor lone mother families above the poverty line. Sorensen and Zibman (2000) showed that in the USA child maintenance is a more important source of income than social assistance in poor families. Bradshaw (2006) reported from the UK that child maintenance policy decreased child poverty to a small extent. This is caused by the fact that only a quarter of children living in lone parent households receive child maintenance. Among those families receiving child maintenance, child poverty was reduced 14 per cent by child maintenance payments. Skinner and Meyer (2006) found out from the UK that child maintenance prevented poverty among one in seven mothers whose income without maintenance would have placed them below the poverty line.
Only some investigators have turned to cross-national research aimed at comparing the poverty relief of different child maintenance schemes across countries. Kunz et al. (2003) found that the contribution of child maintenance to the net income of those receiving it fluctuated from ten per cent in Finland to 26 per cent in the UK. Since the proportion of child maintenance in the lone parents’ income varied, the poverty reduction effect is also different across countries. Skinner, Bradshaw and Davidson (2007) have analysed the overall impact of child maintenance on incomes of lone parents and how received child maintenance alleviated child poverty among lone parent families in twelve countries. According to their results, in the UK a fifth and in Sweden almost 95 per cent of lone parents received child maintenance. In those lone parent families who received child maintenance, it reduced child poverty. The problem is that the proportion of children receiving regular child maintenance payments was low across countries and for this reason child maintenance made a comparatively small contribution to the relief of child poverty overall. The impact of child maintenance on child poverty also varied according to the employment status of the lone parent. If lone parents were employed, child maintenance reduced child poverty more than in non-employed households.

Research design

This article explores the contribution child maintenance makes to the reduction of child poverty and to what degree child maintenance is able to lift children out of poverty. For the empirical analyses the Luxembourg Income Study (LIS) datasets from circa 2004 are used. National databases of different countries contain data on demographic, income, taxation and consumption variables from over 25 countries and from several different points in time. For the purposes of comparative analysis, national datasets have been homogenized to guarantee the best comparability as possible.
Demographic and labour market variables. Lone parent refers to a parent with no spouse or common-law partner present, living with one or more children under the age of eighteen. Widows are excluded from the study since they are not eligible for child maintenance but may be entitled to pensions. The numbers of non-widowed lone parents in each dataset were for Canada 1647, Denmark 4563, Finland 416, Germany 392, Norway 635, Sweden 640, UK 2372 and USA 7749. To assess the influence of the labour market status on child poverty reduction beside child maintenance lone parents are categorized as those with employment income and those without employment income.

Income indicators. The topic is the regular financial support by non-resident parents or from the state, for the raising of children whose parents do not live together. Also, there are a number of other forms of financial transaction between parents who do not live with each other including spouse maintenance, lump sum payments, transfers of property and pension rights. These forms of maintenance are not included in this study. For the empirical analyses the many different income variables are used and throughout this paper the household incomes are adjusted for family size, using the so-called traditional OECD scale transformation, which gives a weight of 1.0 to the first adult, 0.7 to the second adult and 0.5 to the children younger than 18. This equivalence scale weights the value of children and this may explain why the results may differ to some extent from the earlier studies. Some national income figures have been changed to US dollars in order to enable better comparability, using the purchasing power parity concept.

Poverty measures. The poverty indicator is the relative income method, which is the most commonly used indicator in the international poverty studies. The poverty line is set at 60% of the disposable median income of households. The child poverty is calculated by multiplying the number of poor families with children by the children in them. The poverty reduction is reported using multiple measures. The absolute poverty reduction shows the proportion of all children lifted above the poverty line, while the relative reduction displays what proportion of the children living in poverty prior to child maintenance is brought out of

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2 Variable V20S2 included guaranteed maintenance paid by the state (not available in Germany 2004) and V34 variable included alimony and child support received from the non-household member.
poverty. The poverty gap exposes the amount of income that would be required to bring every poor household exactly up to the poverty line, thereby eliminating poverty. This study calculates the extent to which child maintenance closes the poverty gap.

**Contribution of child maintenance**

This section presents the empirical analysis of the proportion of non-widowed lone parent families receiving child maintenance and the contribution of child maintenance payments for lone parent families receiving it using the different indices (Table 1). Calculations are based on the total amount of child maintenance received irrespective of eligible numbers of children in the family.

Table 1. Level of child maintenance in non-widowed lone parent families receiving it, circa 2004

<table>
<thead>
<tr>
<th>Country</th>
<th>% non-widowed lone parent families receiving child maintenance</th>
<th>Mean of child maintenance /month USS PPP</th>
<th>CM as % of lone parents total social income transfers</th>
<th>CM as % of lone parents average gross earnings</th>
<th>CM as % of lone parents net disposable incomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>38</td>
<td>260</td>
<td>77.7</td>
<td>12.5</td>
<td>16.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>94</td>
<td>242</td>
<td>20.8</td>
<td>9.6</td>
<td>8.2</td>
</tr>
<tr>
<td>Finland</td>
<td>77</td>
<td>182</td>
<td>26.4</td>
<td>11.6</td>
<td>9.5</td>
</tr>
<tr>
<td>Germany</td>
<td>77</td>
<td>272</td>
<td>53.6</td>
<td>42.8</td>
<td>4.4</td>
</tr>
</tbody>
</table>
Firstly, the proportion of lone parents receiving child maintenance fluctuates from 22 per cent in the UK to 100 per cent in Sweden where child maintenance is guaranteed by the state. The results tend to confirm that in those countries where maintenance payments are seen as a private family matter without the guaranteed maintenance schemes the proportion of lone parents receiving child maintenance is low. Secondly, Table 1 presents the value of the total amount of child maintenance for those non-widowed lone parent families receiving it in purchasing power parities. The average amount of monthly cash payment is highest in Norway and Germany. Canada and the UK form the second group followed by Denmark and the USA. Surprisingly, the lowest average payments in cash terms are received by non-widowed lone parents in Finland and Sweden.

In relative terms, as a proportion of the lone parent’s average earnings, total social income transfers and net disposable income, there is considerable variation across countries. Maintenance payments make up the lowest proportion of social transfers and average earnings in the Nordic countries. Canada, the UK and Germany have the highest proportions of child maintenance in social transfers. It also makes up only a small proportion of net disposable income: only about 16 per cent of net disposable income in Canada, the UK and the USA and only 4.4 per cent of net disposable income in Germany.
Child maintenance and child poverty reduction

A socio-political task of child maintenance might be to help maintain children’s standard of living at the same levels before the parental relationship broke down and/or to protect children from poverty. The next section presents the empirical analysis of the contribution child maintenance can make to the reduction of child poverty in different target groups: in all families with children, all lone parent families and lone parent families receiving child maintenance (Table 2). First, a study is made of how child maintenance can reduce overall child poverty considering it like any other benefit and investigating how it in theory reduces child poverty among all families with children.
Table 2. The role of child maintenance in reducing overall child poverty, circa 2004

<table>
<thead>
<tr>
<th>Country</th>
<th>Child poverty rate before child maintenance</th>
<th>Child poverty rate after child maintenance</th>
<th>Absolute reduction</th>
<th>Relative reduction</th>
<th>% reduction in poverty gap as a result of child maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>28</td>
<td>27</td>
<td>1</td>
<td>3</td>
<td>2.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>14</td>
<td>11</td>
<td>3</td>
<td>21</td>
<td>1.9</td>
</tr>
<tr>
<td>Finland</td>
<td>15</td>
<td>13</td>
<td>2</td>
<td>10</td>
<td>15.3</td>
</tr>
<tr>
<td>Germany</td>
<td>22</td>
<td>21</td>
<td>1</td>
<td>5</td>
<td>1.0</td>
</tr>
<tr>
<td>Norway</td>
<td>13</td>
<td>11</td>
<td>2</td>
<td>13</td>
<td>1.4</td>
</tr>
<tr>
<td>Sweden</td>
<td>16</td>
<td>12</td>
<td>4</td>
<td>29</td>
<td>2.7</td>
</tr>
<tr>
<td>UK</td>
<td>29</td>
<td>28</td>
<td>1</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>USA</td>
<td>33</td>
<td>32</td>
<td>1</td>
<td>3</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: Own analysis from LIS

It seems that the absolute reduction in child poverty rates is minimal in all countries and child maintenance is not very effective at reducing overall child poverty. The relative reduction indicates what proportion of children living in poverty prior to child maintenance is brought out of poverty. The relative reduction in child poverty is low in Canada, the UK, the USA and Germany. In Finland 10 per cent and in Norway 13 per cent of children are raised above the poverty line by child maintenance. In Sweden the relative reduction in child poverty rate is 29 per cent and in Denmark 21 per cent. The poverty gap measures the extent of the difference between income and the poverty threshold that is closed by child maintenance. The reduction in the poverty gap due to child maintenance in all families with children is minimal in all other countries except Finland.

The previous analysis has examined the overall impact of child maintenance on all families with children. The next analysis explores the contribution child maintenance could make to the targeted population irrespective of whether or not they receive it. To do this the
contribution that each element of the tax and benefit package makes to reduce child poverty for non-widowed lone parent families is assessed (Table 3).

Table 3. Child poverty rates for all non-widowed lone parents, circa 2004

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>63</td>
<td>57</td>
<td>58</td>
<td>55</td>
<td>36</td>
</tr>
<tr>
<td>Denmark</td>
<td>55</td>
<td>49</td>
<td>42</td>
<td>34</td>
<td>5</td>
</tr>
<tr>
<td>Finland</td>
<td>50</td>
<td>48</td>
<td>43</td>
<td>34</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>67</td>
<td>66</td>
<td>65</td>
<td>62</td>
<td>35</td>
</tr>
<tr>
<td>Norway</td>
<td>56</td>
<td>51</td>
<td>44</td>
<td>35</td>
<td>13</td>
</tr>
<tr>
<td>Sweden</td>
<td>56</td>
<td>49</td>
<td>47</td>
<td>37</td>
<td>8</td>
</tr>
<tr>
<td>UK</td>
<td>82</td>
<td>75</td>
<td>60</td>
<td>57</td>
<td>26</td>
</tr>
<tr>
<td>USA</td>
<td>65</td>
<td>56</td>
<td>60</td>
<td>57</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: Own analysis from LIS

Column A presents the child poverty rate that would exist if the non-widowed lone parent only received market income\(^3\). The poverty rates range from 82 per cent in the UK to 50 per cent in Finland, following the other Nordic countries with child poverty rates from 55 to 56 per cent.

\(^3\) Market income is a summary variable which includes earnings, cash property income and income from occupational pensions.
Column B shows the poverty rates after the addition of child maintenance paid by non-resident parents or/and guaranteed maintenance to market income. Child maintenance does have an impact on child poverty rates in all countries. However, in Germany there is only 1 and in Finland 2 percentage points reduction in child poverty while in other countries poverty reduction due to child maintenance ranges from five to nine percentage points.

Column C presents the child poverty rates after the addition of other cash benefits to create gross income but before child maintenance. This addition contributes to a reduction in child poverty rates in all countries, at its highest in Denmark and Norway.

Column D presents the child poverty rate on gross income including the child maintenance. This indicates how effective child maintenance is in reducing child poverty rates among non-widowed lone parent families. Child maintenance contributes almost ten percentage unit reductions in the child poverty rate in Nordic countries compared with 3 percentage points reduction in other countries.

Column E gives poverty rates where direct taxes are taken into account. The lowest child poverty rates are in Denmark and Sweden, indicating countries having more redistributive tax and benefit systems.

Table 4 gives a more detailed picture of the contribution child maintenance can make to child poverty rates in all non-widowed lone parent families. Two main findings emerge. First, the absolute reduction in child poverty rates is less than ten per cent in most countries except in Denmark and Sweden. In relative terms, child maintenance can raise children above the poverty line in Nordic countries compared to other countries. Table 4 also presents a reduction in the child poverty gap due to child maintenance. It ranges from 4.6 per cent in the UK to 15.7 per cent in Finland and Sweden. Also in Denmark and Norway child maintenance reduces the poverty gap to some extent.
Table 4. The role of child maintenance in reducing child poverty in all non-widowed lone parent households, circa 2004

<table>
<thead>
<tr>
<th></th>
<th>Child poverty rate before child maintenance</th>
<th>Child poverty rate after child maintenance</th>
<th>Absolute reduction</th>
<th>Relative reduction</th>
<th>% reduction in poverty gap as a result of child maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>52</td>
<td>47</td>
<td>5</td>
<td>9</td>
<td>7.7</td>
</tr>
<tr>
<td>Denmark</td>
<td>32</td>
<td>18</td>
<td>14</td>
<td>43</td>
<td>12.5</td>
</tr>
<tr>
<td>Finland</td>
<td>32</td>
<td>22</td>
<td>9</td>
<td>29</td>
<td>15.7</td>
</tr>
<tr>
<td>Germany</td>
<td>60</td>
<td>54</td>
<td>6</td>
<td>11</td>
<td>10.4</td>
</tr>
<tr>
<td>Norway</td>
<td>28</td>
<td>19</td>
<td>9</td>
<td>30</td>
<td>11.5</td>
</tr>
<tr>
<td>Sweden</td>
<td>38</td>
<td>19</td>
<td>19</td>
<td>50</td>
<td>15.7</td>
</tr>
<tr>
<td>UK</td>
<td>50</td>
<td>46</td>
<td>4</td>
<td>7</td>
<td>4.6</td>
</tr>
<tr>
<td>USA</td>
<td>57</td>
<td>54</td>
<td>3</td>
<td>6</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Source: Own analysis from LIS

The previous analyses have studied the overall impact of child maintenance on non-widowed lone parent families whether or not they receive any maintenance. Therefore, the important question is how the receipt of child maintenance might help to protect children from poverty in non-widowed lone parent families as child maintenance can make more impact on child poverty if it is received. This aspect is explored by considering what happens to only those lone parent families who actually receive child maintenance by comparing the child poverty rates before and after the receipt of child maintenance (Table 5).
Table 5. The role of child maintenance in reducing child poverty in lone parent households receiving it, circa 2004

<table>
<thead>
<tr>
<th>Country</th>
<th>Child poverty rate before child maintenance</th>
<th>Child poverty rate after child maintenance</th>
<th>Absolute reduction</th>
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</thead>
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<td>Canada</td>
<td>56</td>
<td>44</td>
<td>12</td>
<td>21</td>
<td>23.9</td>
</tr>
<tr>
<td>Denmark</td>
<td>33</td>
<td>18</td>
<td>15</td>
<td>45</td>
<td>13.5</td>
</tr>
<tr>
<td>Finland</td>
<td>35</td>
<td>24</td>
<td>12</td>
<td>21</td>
<td>15.8</td>
</tr>
<tr>
<td>Germany</td>
<td>70</td>
<td>52</td>
<td>17</td>
<td>25</td>
<td>5.2</td>
</tr>
<tr>
<td>Norway</td>
<td>32</td>
<td>17</td>
<td>14</td>
<td>45</td>
<td>16.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>38</td>
<td>19</td>
<td>19</td>
<td>50</td>
<td>15.7</td>
</tr>
<tr>
<td>UK</td>
<td>35</td>
<td>20</td>
<td>14</td>
<td>41</td>
<td>30.0</td>
</tr>
<tr>
<td>USA</td>
<td>54</td>
<td>45</td>
<td>10</td>
<td>18</td>
<td>20.5</td>
</tr>
</tbody>
</table>

Source: Own analysis from LIS

The highest child poverty rates for non-widowed lone parents receiving child maintenance before it is received appear in Canada and the USA where over half of children are living in poverty. In the other countries about one third of children would be living in poverty if child maintenance had not been received. Surprisingly, there are not large differences between countries in child poverty reduction in absolute terms. In relative terms, child maintenance reduces child poverty among non-widowed lone parent families most efficiently in Sweden but also in Denmark, Norway and Sweden, while in the USA child poverty is reduced less.

Whether or not the lone parent is in employment also makes a difference to child poverty rates. Skinner et al. (2007) reported that if lone parents had employment income it made a bigger impact on poverty reduction in most countries than if there was no employment income. Figures 1a and 1b show the percentage contribution of child maintenance to child poverty reduction for lone parents achieved with and without employment income circa 2004.
Table 1a. % reduction in poverty as a result of child maintenance according to employment status in all non-widowed lone parent families

Table 1b. % reduction in poverty as a result of child maintenance according to employment status in non-widowed lone parent families receiving it
There seems to be variation in the impact child maintenance can make to poverty reduction depending on the employment status of the lone parent. In all non-widowed lone parent families child maintenance makes a bigger impact on child poverty rates with no employment income in most countries. In the USA and the UK child maintenance does not reduce child poverty in all non-widowed lone parent families without employment income since they rely on income support and child maintenance is taken into account in assessing income support\(^4\). Also in other countries except Denmark child maintenance is counted in means-tested social assistance which reduces the capacity of child maintenance to alleviate child poverty.

For those non-widowed lone parents receiving child maintenance the results remain almost the same. Child maintenance has more impact on poverty reduction for non-widowed lone parents without employment income. The greatest potential impact if there is no employment income is in Denmark, Germany and Sweden.

\(^4\) In the UK in 2006 there was a child maintenance premium for lone parent families on means-tested social assistance benefits: this allowed lone parent to keep £10 per week of any child maintenance no matter how much was actually paid by the non-resident parent (Skinner and Curry-Sumner, 2009).
Conclusions

The aim of this article was to update existing comparative knowledge on the contribution child maintenance can make to child poverty relief. The results show that the proportion of lone parents receiving child maintenance payments is lowest in the UK compared to Nordic countries where at least two-thirds of lone parents received child maintenance. However, lone parents who received child maintenance tend to receive quite similar median amounts across countries. Moreover, the share of child maintenance as a percentage of disposable income is relatively low in all countries.

The findings from this study suggest mixed results about the child maintenance efforts in child poverty. On one hand, child maintenance can make small contributions to child poverty reduction overall but on the other it can help children out of poverty in those non-widowed lone parent families receiving it. Child maintenance would reduce child poverty if all the children entitled to it were receiving it. So in theory at least, if not in actual practice, child maintenance has some potential to help reduce child poverty.

The results are consistent with the earlier studies and on the whole, the relative position between the countries has not changed significantly. The countries with guaranteed child maintenance schemes can reduce child poverty most efficiently as more lone parents receive child maintenance compared to the UK where the proportion of lone parents receiving it has remained at a low level (see Kunz et al., 2003; Skinner et al, 2007). However, compared to the results in the earlier studies it seems that the contribution of child maintenance to child poverty reduction was more effective in 2004 than it was in the 1990’s.

In order to fully understand the child maintenance schemes in different social policy contexts, more solid and sophisticated analyses are needed, both national and cross-national. Child maintenance is important in many ways not least for lone parents and children who may need to rely on child support and non-resident parents paying maintenance, but also for policy makers who are involved in setting realistic maintenance levels. Increased emphasis on child
maintenance should be viewed as a means of decreasing poverty rates for non-widowed lone parent families and thereby lessening the negative effects of lone parenthood.
References


