Chapter 3
Exploring Potential Effects of a Child Support Pass-Through and Disregard: Did Formal Child Support Payments Change When Mothers Went on and off AFDC?

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Supporting single-parent families through welfare has long been unpopular.[1] Some policymakers have been particularly concerned that the public was providing economic support in the place of an "absent" father who was presumed to be shirking his duty. Thus, much of the early impetus for child support reforms grew out of desires to encourage fathers to provide for their economically vulnerable children. Increased child support might enable single mothers to stay off welfare, or at least might offset some costs for those families that did receive public support.

This history helps explain the long-standing policy of retaining any child support paid on behalf of resident-parent families who received assistance from the cash program for poor single parents, Aid to Families with Dependent Children (AFDC). Any child support paid was used to defray governments' costs associated with AFDC, rather than to increase the resources available to families. But it is clear that under this policy regime, nonresident parents had little incentive to pay support formally, since their children did not benefit. Similarly, resident mothers had little incentive to cooperate with the child support system, at least in the short term. If the mother cooperated, and the child support system established paternity, established a child support order, and collected support, she would be no better off financially unless she were able to leave welfare.

The disincentives to formal payment by the nonresident parent and to cooperation by the resident parent were recognized. As early as 1976, U.S. policy was to pass through to the family the first $50 per month collected in child support and then to disregard this amount in the calculation of AFDC benefits.[2] Any amount paid over the $50 was to be split between the state and federal governments. However, the provision was not universally implemented, and clarifications were made in 1984 requiring the $50 per month pass-through in each state. Discussions with Wisconsin child support personnel and analyses of the Wisconsin AFDC data lead us to believe that mid-1985 was the first date on which the $50 pass-through/disregard was in effect in Wisconsin. National policy changed again in 1996, when states were given the option to set their own level of pass-through and disregard.

Since 1996, states have set very different levels of the pass-through. Wisconsin has taken an unusual position, passing through all support to the resident-parent family and disregarding it completely in the calculation of W-2 benefits. The effects of Wisconsin's full pass-through are being evaluated through an experimental design, a design that compares the effects of a full pass-through (received by the experimental group) to a pass-through of up to $50 per month or 41 percent of what is paid, whichever is greater (received by the control group).

This paper presents an alternative, nonexperimental analysis of the effects of a pass-through. The approach in this report stems from the recognition that the disincentive to pay support that resulted from

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[2]This is according to 42 USCA s.657.

a partial (or no) pass-through affected nonresident parents *only* when their children were receiving AFDC. During periods in which their children were not receiving AFDC, the nonresident parents did not face this disincentive, since during these periods all support that was paid formally would go to their children. (However, families would not necessarily receive any support paid on back debts; these amounts could be retained completely or partially by the government.) In this report, we consider the impact of the differences in pass-through policy faced by nonresident fathers as the mothers of their children made transitions off and onto AFDC.

In the time periods we examine, there were two pass-through policy regimes in Wisconsin. We understand that from 1980 to 1984, all child support paid on behalf of AFDC recipients was retained by the state; nothing was "passed through" to the resident parent nor "disregarded" in the calculation of benefits. From 1985 to 1997, the first $50 per month paid on behalf of AFDC recipients was passed through to the resident parent and disregarded, and the remainder was retained by the state. Thus to the extent that state retention of child support was a disincentive to pay, the effect should have been greater before 1985 than after.

The basic idea behind this report is simple: if pass-through policy affects formal payments, we should see changes in the payments that nonresident fathers make when resident mothers move on or off AFDC. Consider first a nonresident father who is paying regular child support to a resident mother who is not receiving AFDC in the 1980–1984 policy regime. All the support he pays goes to the family. If the resident mother then begins receiving AFDC, the payment will be retained by the state, and nothing will go to the family. The nonresident father may learn that his payments no longer benefit his children. If so, he may stop making formal payments, or make fewer or smaller payments. This is one of the effects we will explore in this report: are fathers who were paying support more likely to stop paying *just after* their children begin receiving AFDC? Even in the 1984–1997 regime, when this same father made a payment after his ex-partner entered AFDC, a portion of that payment was retained by the state, and only $50 per month would go to the resident-parent family. Again, if he learned that payments over $50 per month would not benefit his children he might choose to make fewer or smaller payments.

In this report we also examine transitions to beginning to pay. Assume it is generally known that child support payments do not fully benefit welfare families. If his children are receiving welfare, a nonresident father might not pay formal child support, but instead provide diapers, food, clothing, etc. Perhaps he does this because he knows a formal cash payment would be either fully (1980–1984) or mostly (1984–1997) retained by the state and his children would not benefit much. Assume the mother then gains a low-paying but steady job, and she leaves AFDC. The nonresident father may then begin to pay cash child support formally, because his children will then receive the full benefit of his cash payments. This is the other effect we will explore in this report: are fathers who were not paying child support formally more likely to begin paying support *just after* their children leave welfare?

Unfortunately, an opposing factor may complicate both analyses. Child support agencies may focus more attention on collections among welfare cases than nonwelfare cases, since collections among welfare cases provide governmental receipts. If collection efforts are stronger among AFDC recipients, then fathers of children currently receiving AFDC may be more likely to begin paying support (and less likely to stop paying support) than fathers of children not receiving AFDC. In the analyses we conduct here we cannot identify the extent of agency effort for different types of cases, and thus cannot measure the potential countervailing impact of changes in enforcement. We also have no direct evidence of the extent to which fathers were aware of their children's AFDC participation status or understood the implications for child support disbursement. We return to these issues in our discussion of the results of these analyses.

In both analyses we will explore whether there are different effects in the pre-1984 and the post-1984 periods. The report will thus provide some evidence on whether a full-retention policy regime and a $50 pass-through policy regime were associated with lower formal child support payments. When combined with the experimental analyses of Wisconsin's full pass-through/disregard and other nonexperimental analyses, this will help policymakers understand the effects of various pass-through and disregard policy regimes.

I.   Previous Literature

This paper is focused on the effects of resident mothers' AFDC status on whether nonresident fathers make transitions in their formal child support payments, either moving from not paying to beginning to pay, or moving from paying something to paying nothing. While no previous research that we are aware of has examined the effects of pass-through policy on child support payment transitions, there is some prior work describing factors related to child support payments in general and somewhat less research related to payment *transitions*.

Previous research on child support payments (or compliance with child support orders) has sometimes begun with a model in which child support is related to:

- the nonresident parent's ability to pay support,

- the stringency of the enforcement regime,

- the strength of the ties between the nonresident parent and the children and/or resident parent, and

- the need of the resident parent.

Previous work has generally found that the nonresident parent's ability to pay support and a stringent child support enforcement regime are both clearly associated with paying more support. Some work has found that those who have more contact with their children are more likely to pay support, but it is unclear whether: (a) those with strong relationships are more likely to pay; or (b) those who pay support are more likely to stay in touch with their children, or (c) whether both the relationship and payment are caused by a third factor, perhaps the nonresident parent's sense of responsibility. Some work has examined whether the resident parent's need is related to payments, but there are few conclusive findings. This body of research has not yet focused much attention on whether a mother's AFDC status (and thus the pass-through/disregard policy regime) affects payments.

An example of a research study examining factors related to compliance with child support orders can be found in Meyer (1999).[3] He examines divorce and paternity cases in Wisconsin over the 1980–1993 period using the Wisconsin Court Record Data (described in the next section). The focus is on compliance with a child support order, that is, the amount paid divided by the amount due, all measured in the first calendar year following the order. He finds a strong relationship between ability to pay and compliance: fathers with higher overall income and those more able to afford their order (those whose orders are a lower percentage of their income) exhibit higher compliance. An examination of prototypical cases reveals that when fathers' annual incomes increase from less than $10,000 to

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[3]Previous studies of compliance in Wisconsin using earlier data are Bartfeld and Meyer (1994) and Meyer and Bartfeld (1996).

$30,000–$50,000, compliance is predicted to increase from 56 percent to 83 percent among paternity cases and from 61 percent to 85 percent among divorce cases. The enforcement system also has a large effect: cases with immediate withholding have higher compliance, and those with percentage-expressed orders (which are harder to monitor and enforce) have lower compliance. Because there is a general trend toward increased compliance over time, once other factors are controlled, this may also reflect effects of increasingly stringent enforcement. Meyer finds that none of the available measures of ties between nonresident fathers and the resident-parent family—divorce vs. paternity, number of children, marriage length, age of oldest child, the (re)marriage of either the father or mother, and whether the parents have joint legal custody—have a consistent discernible effect on compliance. He also finds no discernible difference in compliance rates between those whose ex-partners did and did not receive AFDC.

Sorensen and Halpern (1999) have recently completed a national study of resident mothers that explores factors related to whether child support, AFDC, neither, or both are received. Their model examines unmarried resident mothers between 1976 and 1997, with controls for state and year. They have no information on the nonresident father, so their measures of ability to pay are limited. Nonetheless, they find that mothers with higher education and those who are white are more likely to receive child support, and these variables may be associated with fathers who have more ability to pay. Moreover, average male earnings in the state during the time period are also associated with increased likelihood of receiving support. They explore the effects of living in a state that had a particular child support policy during the period examined, and find that several features of the enforcement system are important. For example, never-married mothers in states with in-hospital paternity establishment are more likely to receive child support. Living in a state with a state income tax intercept increases the likelihood of receiving child support, as does living in a state with presumptive guidelines. Previously married mothers in states with immediate wage withholding are more likely to receive support. They have no measures of the relationship between nonresident fathers and children, although having young children and having more children are generally associated with a lower likelihood of support.

They also examine the effect of living in a state that had a $50 pass-through/disregard in place during the period examined. They find that this increases the likelihood of receiving child support for those on AFDC, decreases it for never-married mothers off AFDC, and increases it for previously married mothers on AFDC. It is unclear why pass-through/disregard policy should affect those off AFDC; the inconsistency of this finding therefore suggests that further research is needed.[4]

A few studies have focused on child support payment transitions. Meyer and Bartfeld (1997) present basic descriptive data from Wisconsin Court Record cases entering the court system between 1986 and 1988 who had fixed-dollar orders. Of those who did not pay in the first quarter of having an order, about 70 percent were still nonpayers in the next quarter, and 60 percent still had not paid by the end of the next quarter. The proportion beginning to pay fell fairly steeply over time, so that nonpayers who did not pay early were less likely to begin to pay as time continued. Among those who paid in full during the first quarter, about one-third ceased full payment by the end of the second quarter. Again the dropoff was steepest in the early quarters; cases that had consistent records of full payment were likely to continue to do so. They also reported on a preliminary analysis of factors associated with beginning to pay support, and found that those with a withholding order were more likely to begin to pay, but they did not find consistent effects of earnings. Another preliminary analysis of those who paid in full in the first

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[4]During this period, some states had one schedule for AFDC benefits and a higher schedule for "needs." In these states, all child support payments would go to the family until the level of payments reached the difference between the needs standard and the benefit level. The research ignores this complication to simplify the analysis; however, ignoring it means that states with different levels of pass-throughs/disregards are treated identically, complicating conclusions about the effects of these policies.

quarter found that earnings changes were strongly linked to ceasing full payment—those who dropped out of the earnings record were most likely to cease full payment.

In summary, previous work suggests several factors related to child support payments. However, this work has generally paid little attention to whether a mother's AFDC status or transitions affect child support payments, the focus of this paper.

II.   Data and Approach

Our analyses are based on the Wisconsin Court Record Database (WCRD). The WCRD includes information on over 16,000 child support cases gathered from courthouses in 21 Wisconsin counties. The data were gathered in twelve cohorts, covering the period 1980–1993, and each cohort was followed for 2–7 years. The data include an administrative record of monthly child support payments and orders and a variety of demographic variables. IRP has merged these data with the administrative record of monthly AFDC amounts from January 1980 through December 1993. We examine only the 4,428 paternity cases in these analyses to limit our sample to cases that are at high risk of receiving welfare. To reach our final base sample of 3,058, we exclude several types of cases. The largest exclusion is 657 cases that do not have two years of pre-order welfare information, a critical variable for this analysis.[5]

In all multivariate analyses we use a discrete-time event-history model. The model is appropriate when the outcome of interest is a transition (in this case a transition between payment statuses). We conduct two separate analyses: (a) whether a case transitions from nonpayment to payment, and (b) whether a case transitions from payment to nonpayment. In the first analysis we are particularly interested in whether this transition occurs shortly after an exit from AFDC; in the second analysis we are particularly interested in whether this transition occurs shortly after an entrance onto AFDC. These are the transitions we would expect if individuals understand the pass-through policy and if a partial or no pass-through is a serious disincentive to pay in the formal child support system.

We examine only the first transition in payment status following the first child support order. Thus in the first analysis we examine cases with no payment during the first two months following paternity establishment (or, the first two months following their first child support order, if there is no order at the time of paternity establishment). We consider the likelihood that a case will begin paying, using the following equation:

P(transition to payment) = $\beta_0 + \beta_1$ * Former Recipient (1980–1984) + β_2 * Nonrecipient (1980–1984) + β_3 * Former Recipient (1985–1994) + β_4 * Nonrecipient (1985–1994) + β_5 * Years + β_6 * X + u

In this model, the unit of analysis is a person-month at risk of making a transition; cases contribute observations until they make a transition, the child support order stops, or the data end. We divide the welfare variables by the two policy regimes: the first indicator variables reflect the 1980–1984 regime and indicate whether an individual is a current welfare recipient (the omitted group), a former recipient (including separate indicator variables for those receiving 1–3 months ago, 4–6 months ago, 7–9 months ago, and 12–24 months ago, and those who were not a recipient in the prior 24 months). The

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[5]The other exclusions are as follows: first, we eliminate 22 cases that ever had a private pay agreement, since for these cases the court record of payments could be inaccurate. Second, we eliminate 366 cases in which someone other than the father owed child support. Finally, we eliminate 325 cases that do not have a child support order during the period examined or do not have a social security number.

coefficient β_1 will be greater than zero if payments were more likely to begin in that period once an individual left welfare (and thus the state is no longer keeping all or a portion of the amount paid). The next variables reflect recipiency status in the post-1984 regime ($50 pass-through). Therefore, additional evidence on the effect of the pass-through can be seen by whether the coefficient β_3 is less than β_1; if it is, this suggests that relaxing the $50 pass-through had a smaller effect than relaxing the no pass-through, as would be predicted by economic incentives. We include variables representing the period being considered; these variables capture changes in child support policies and other factors that change over time.

We include several additional control variables. Because previous research has tended to show that cases that have not been paying for a long time are less likely to begin paying than other cases (see, e.g., Meyer and Bartfeld, 1997 or Meyer and Hernandez, 1999), we include indicator variables that reflect the length of the current spell. To represent the enforcement system, we note whether a case had immediate withholding (in addition to our indicator variables for periods) and whether the order was ever expressed as a percentage of income (rather than a fixed-dollar amount). To represent variables associated with the father's ability to pay support, we include his earnings (when available, discussed below), age, race, and the unemployment rate in the county during the month examined. We have limited measures of the relationship between the father and children: we are able only to control for the number of children, the age of the youngest, and whether the father or mother was married at the time of paternity establishment. We include an indicator variable for whether the father has joint legal custody, which may be related to his relationship with the children. Finally, to control for other environmental factors, we include indicator variables for county (Milwaukee versus other urban versus rural).

We would like to include a measure of the nonresident father's earnings in this analysis, but these data are only available for a portion of the period of interest. Records of earnings reported to the Unemployment Insurance system are available from January 1988 forward; these data have been merged with the base WCRD by IRP. Thus we also conduct a variant of this analysis on later cases so that we can control for the nonresident parent's earnings. This variant is parallel to the model described earlier except that we have information only for the post-1984 period (the $50 disregard). We report the results from an equation that includes the level of quarterly earnings (in 1999 dollars), although we also tested an equation that considered *changes* in earnings from the previous quarter to the current quarter.

In the main analysis in this section (covering the entire period), we begin with the 3,058 cases that meet our sample criteria. Of these cases, 1,398 had no payments in the first two months of the order, and thus are appropriate for the analysis of beginning to pay support. As noted above, we examine each month for these cases until they either begin paying, have their order stopped, or we run out of data. The total sample is 16,295 person-months in which the person could begin to pay support. The sample for the later period (in which we include earnings) totals 11,501 person-months.

The second model examines nonresident fathers who pay support initially, and considers factors related to whether they stop paying, with a particular interest in whether they are more likely to stop paying child support once the resident-parent family has entered AFDC. The model is generally a straightforward extension of the initial nonpayer model: we use the same general structure, the same independent variables, and run two equations, one on the whole period, and a second in which we include earnings data and examine only the later period.[6]

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[6]Because there may be measurement error in the monthly amounts of child support (a payment made on the last day of one month may be credited in that month or the next), any single month of nonpayment between two months of payment is treated as containing a payment.

In the main analysis of the second model (covering the entire period), we again begin with the 3,058 cases that meet our base sample criteria. Of these cases, 821 had payments in both of the first two months of the order, and thus are appropriate for the analysis of stopping support payments.[7] We examine each month for these cases until they either stop paying, have their order stopped, or we run out of data. The total sample is 12,842 person-months in which the person could begin to stop paying support. The sample for the later period (in which we include earnings) totals 5,791 person-months.

III.   Results

Table 1 provides basic descriptive information on our sample. The first column shows the composition of the sample of those who did not pay in the first two months, for whom we analyze whether they then began to pay support. About one-fourth of initial nonpayers are in Milwaukee, about one-fourth in rural areas, and the remainder in other urban areas. The fathers are fairly young: 12 percent are 18 or less, and another 43 percent are 19 to 24. About 70 percent of the fathers were associated with women who were receiving AFDC at the beginning of the period examined. The second column shows those who did pay in both of the first two months, for whom we analyze whether they later stopped paying support. Because this sample includes only those paying in the initial months, the group appears to have somewhat higher ability to pay: there are fewer fathers less than age 19, fewer fathers of color, and fewer fathers in Milwaukee. The largest contrast is in the mother's AFDC receipt: only 4 percent of these fathers were associated with women who received AFDC at the start of the spell of payment.

Information on the relationship between stopping payment, beginning payment, and time is provided in Figure 1. The bottom line in Figure 1 examines the initial nonpayers and shows the proportion who are still nonpayers after each month. For example, at the beginning of the seventh month, 63 percent still had not paid. Because the line is steeper in the early months, the figure shows that those who did not pay at the beginning of the observation period become even less likely to pay over time. The top line examines the proportion of initial payers who continue to pay. By the beginning of the seventh month, 79 percent have not yet had a month of nonpayment. This line also shows somewhat steeper declines in the early period, showing that those who continue to pay are less and less likely to stop paying over time.

We now turn to the results from the first multivariate analysis, examining whether AFDC transitions are related to beginning to pay support. The first columns of Table 2 show the full period. The coefficients on AFDC history, our main variable of interest, show no consistent pattern in the early period (panel 1). In the later period (panel 2), there is still no discernible difference between those whose partners have recently left AFDC and those whose partners are current recipients. However, those whose partners never received AFDC are more likely than partners of current AFDC recipients to begin paying, perhaps because the model does not adequately control for ability to pay.

The last columns show the later period only, and this allows us to include earnings in the model. Again we find that fathers whose partners have just gone off welfare are no more likely to pay than those whose partners are still recipients. Even when we control for the father's earnings, those whose partners have never received AFDC are more likely to begin to pay than are the partners of current recipients or former recipients. When we control for earnings and examine the later period only, those whose partners last received AFDC more than 6 months ago are less likely to pay than are those whose partners are

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[7]An additional 839 cases had payments in only one of the first two months, and thus are in neither of our analyses.

TABLE 1
Characteristics of Nonresident Fathers Who Are Nonpayers and Payers
within the First Two Months following Paternity Establishment

	Initial Nonpayers	Initial Payers
County		
Milwaukee	27.4%	13.3%
Other urban	45.1	53.5
Rural	27.5	33.2
Race		
White	34.6	42.5
Black	21.5	8.2
Other	3.8	2.7
Missing	40.1	46.7
Number of Children		
One	88.5	93.8
Two or more	11.5	6.2
Age of Youngest Child		
0–1	59.9	65.4
2–5	24.2	21.9
6–18	4.9	4.0
Missing	10.9	8.7
Age of Father		
15–18	11.7	7.3
19–24	43.3	45.6
25–30	25.9	25.6
31–40	12.6	15.2
41+	4.2	4.5
Missing	2.3	1.8
Immediate Withholding		
Yes	25.5	47.5
No	61.3	45.7
Uncertain	13.2	6.8
Year		
1982–1984	21.3	25.1
1985–1987	22.8	35.9
1988–1990	23.8	21.8
1991–1993	32.1	17.2

(table continues)

TABLE 1, continued

	Initial Nonpayers	Initial Payers
County Unemployment Rate		
<=5%	36.1	30.1
5.1–10%	53.9	57.4
10.1%+	9.9	12.6
AFDC History		
Current recipient	70.7	3.7
Not current, but record of prior receipt	15.5	77.0
Not current, no record of prior receipt	13.8	19.4

Sample: 1,398 initial nonpayers, 821 initial payers in the Wisconsin Court Record Database.
Note: All variables measured at start of spell.

FIGURE 1
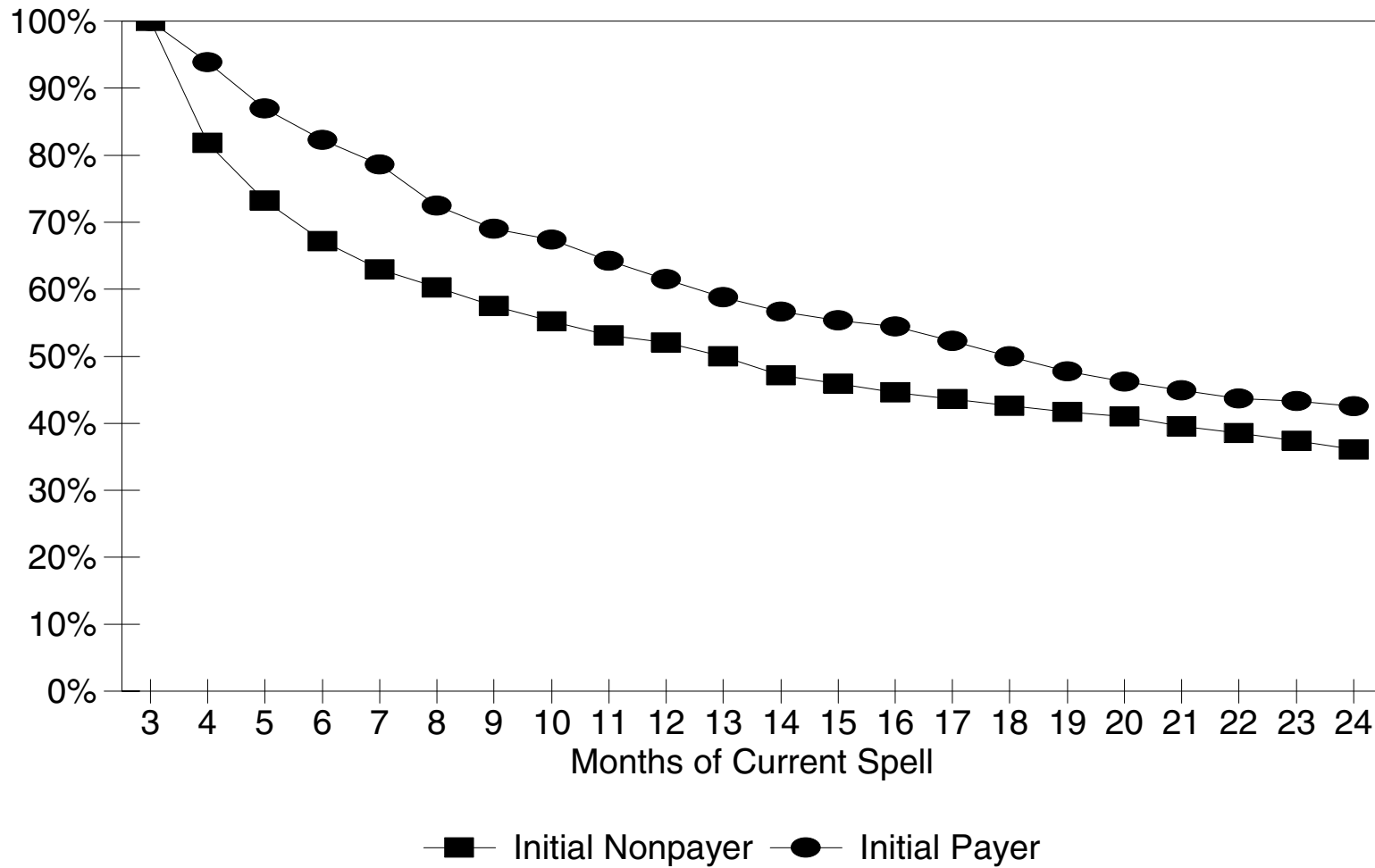**Proportion Remaining in Initial Spell over Subsequent Months**

TABLE 2
Relationship of Mothers' AFDC Receipt and Fathers'
Beginning to Pay Child Support, among Initial Nonpayers

	Full Period[a]		Later Period[b]	
	Coeff.	Std. Err	Coeff.	Std. Err.
1980–1984 Cases, AFDC History (compared to current recipient)				
Last received 1–3 months ago	-.92	.52		
Last received 4–6 months ago	.51	.39		
Last received 7–12 months ago	-1.11	.73		
Last received 13+ months ago	.07	.74		
Never received	-.22	.29		
1985–1993 Cases, AFDC History (compared to current recipient)				
Last received 1–3 months ago	.21	.13	.19	.16
Last received 4–6 months ago	-.23	.24	-.43	.28
Last received 7–12 months ago	-.17	.22	-.64*	.28
Last received 13+ months ago	-.38	.23	-.71**	.26
Never received	.42**	.12	1.06**	.29
Months of Nonpayment (compared to 3–6)				
7–12	-1.11**	.10	-.88**	.13
13–24	-1.38**	.10	-.96**	.13
25–48	-1.99**	.18	-1.72**	.22
49+	-1.76**	.31	-1.44**	.32
Quarterly Earnings (in $1000)			.22**	.02
County (compared to rural)				
Milwaukee	-.40*	.16	-1.11**	.23
Other urban	.10	.10	-.31*	.14
Immediate Withholding	.81**	.09	.79**	.11
Never Had Percentage-Expressed Order	.17	.09	.23*	.11
Unemployment Rate	-.01	.02	.03	.04

(table continues)

TABLE 2, continued

	Full Period[a]		Later Period[b]	
	Coeff.	Std. Err	Coeff.	Std. Err.
Year (compared to 1993–94)				
1982	-.14	.28		
1983	-.33	.24		
1984	-.06	.30		
1985	-.27	.22		
1986	-.18	.19		
1987	-.07	.18		
1988	-.26	.19	-.23	.21
1989	-.43*	.20	-.44*	.21
1990	-.13	.18	-.14	.19
1991	-.16	.16	-.18	.17
1992	-.09	.15	-.10	.16
N	16,925		11,501	
Log-likelihood	-2994		-1692	

Note: Model also contains an intercept and indicator variables for father's age, race, marital status at paternity establishment, mother's marital status at paternity establishment, the number of children in a paternity action, the age of the youngest child, legal custody, and missing information on immediate withholding.

[a]Covering the years 1980–1993.
[b]Covering the years 1988–1993, when earnings data are available.

**p < .01.
*p < .05.

current recipients. This may reflect the effort that the child support agency is putting into collections, a lower need for support, or some other factors.

In both equations, the other coefficients are generally consistent with expectations. As we saw in the simple comparisons above, the more months a father remains a nonpayer, the less likely it is that he will begin to pay in the next month, even when we control for other variables. A father's earnings have a strong effect on beginning to pay, in the expected direction: fathers with higher earnings are more likely to pay. Fathers in Milwaukee are less likely to begin to pay than those in other urban or rural counties; in the later period those in other urban counties are less likely to begin to pay than those in rural counties. Fathers who had immediate withholding are more likely to begin paying, even though they had not paid in the first two months. In the later period, those who never had a percentage-expressed order are more likely to begin to pay. The unemployment rate has no discernible effect.

We now turn to our analysis of whether AFDC transitions are related to stopping payment of support among those who were paying in the first two months following order establishment. In these models we are particularly interested in whether those whose partners have just entered AFDC are more likely to stop paying formal support. The results are shown in Table 3. We find that having one's partner enter AFDC has no discernible effect on ceasing to pay. In the first model only (full period), those whose partners never received AFDC are less likely to cease paying than are partners of former recipients.

Few other variables are consistently related to stopping payment. The variables denoting the month of payment show that those who continue to pay for longer periods are less likely to stop paying than those in a short spell of payment, but this effect is not seen once we control for earnings. Earnings have a strong and expected effect; those with higher earnings are less likely to stop paying. The unemployment rate has a counterintuitive effect; those in counties with higher unemployment are less likely to stop paying.

We have explored several variations on both models (starting and stopping payment). For example, when we include prior earnings or earnings changes between this quarter and last, we find the expected effect that those who increase earnings are more likely to begin to pay. In none of the variants is there a consistent pattern between the AFDC transition variables and beginning to pay.[8]

IV.   Summary and Policy Implications

In this paper we have examined whether nonresident fathers change their payment patterns in response to their ex-partner's AFDC participation status. If a father knows that his payments do not fully

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[8]Four other variants were also tested. First, we included indicator variables for each month; fathers are most likely to begin to pay in January (though that coefficient is not significantly different from May, July, or August), but the coefficients on no months are significantly different from January in the equation for stopping payment. Second, we included indicator variables for each county. Again, fathers in some counties are more likely to start (or stop) payment than in other counties, but the basic conclusions remain the same. Third, we added an interaction term between region and the unemployment rate. In Milwaukee only, fathers are more likely to start paying as unemployment increases, a counterintuitive finding if we think only about fathers. An alternative way to think about this is that as unemployment increases, mothers are more likely to need support, and exert pressure on fathers to begin paying. Finally, we added an interaction term between Milwaukee and percentage-expressed orders. We find that those in Milwaukee without percentage-expressed orders are more likely to begin paying that those in the rest of the state, but there is no difference in the likelihood of stopping payment. Because these variants do not change the key result—that we cannot detect a change in payment behavior consistent with the incentives embedded in the pass-through and disregard—we show only the simple model in this paper.

TABLE 3
Relationship of Mothers' AFDC Receipt and Fathers'
Stopping Payment of Child Support, among Initial Payers

	Full Period[a]		Later Period[b]	
	Coeff.	Std. Err	Coeff.	Std. Err.
1980–1984 Cases, AFDC History (compared to former recipient)				
Began receiving this month or 1–3 months ago	-.84	.56		
Began receiving 4–6 months ago	.65	.38		
Began receiving 7–12 months ago	.13	.36		
Began receiving 13+ months ago	.20	.29		
Never received	.36	.32		
1985–1993 Cases, AFDC History (compared to former recipient)				
Began receiving this month or 1–3 months ago	-.07	.18	-.10	.27
Began receiving 4–6 months ago	-.07	.23	-.39	.39
Began receiving 7–12 months ago	.26	.18	.32	.28
Began receiving 13+ months ago	.03	.15	-.20	.28
Never received	-.35*	.17	-.25	.27
Months of Payment (compared to 3–6)				
7–12	-.13	.12	-.03	.24
13–24	-.59**	.13	-.05	.24
25–48	-.77**	.18	-.48	.31
49+	-1.19**	.39	-.80	.45
Quarterly Earnings (in $1000)			-.24**	.03
County (compared to rural)				
Milwaukee	.05	.21	.15	.41
Other urban	.00	.12	.18	.26
Immediate Withholding	-.21	.11	.03	.21
Never Had Percentage-Expressed Order	.09	.14	.32	.23
Unemployment Rate	-.05	.03	-.17**	.07

(table continues)

TABLE 3, continued

	Full Period[a]		Later Period[b]	
	Coeff.	Std. Err	Coeff.	Std. Err
Year (compared to 1993–94)				
1982	.80	.43		
1983	.53	.39		
1984	-.08	.57		
1985	.25	.32		
1986	.51	.28		
1987	.24	.27		
1988	.35	.27	-.08	.33
1989	.15	.29	-.54	.37
1990	.11	.28	-.06	.40
1991	.04	.28	.09	.33
1992	.10	.27	-.05	.29
N				
	12,842		5,791	
Log-likelihood	-1975		-655	

Note: Model also contains an intercept and indicator variables for father's age, race, marital status at paternity establishment, mother's marital status at paternity establishment, the number of children in a paternity action, the age of the youngest child, legal custody, and missing information on immediate withholding.

[a]Covering the years 1980–1993.
[b]Covering the years 1988–1993, when earnings data are available.

**p < .01.
*p < .05.

benefit his children when they are receiving AFDC, he may be less likely to pay. All else equal, we would expect to see fathers begin to make formal payments soon after their children leave AFDC and to see fathers stop making formal payments soon after their children enter AFDC. This analysis finds no discernible evidence of these patterns.

There are several potential reasons why we do not find an effect. On the one hand it may be that fathers do not respond to the change in incentives because they do not understand the way the child support system works, or because they are unaware of changes in their children's AFDC status. Indeed, results from a survey of fathers of children receiving W-2 generally show that few fathers understand the pass-through and distribution policy (Meyer and Cancian, 2001). On the other hand, it may be that fathers respond to the change, but we are unable to detect the response because it is obscured by other coincident changes. In particular, if the child support system reduced enforcement activity for non-AFDC cases, this might counteract the positive impact of the increased incentive to pay. It may be that other data limitations have also confounded our analysis.

Because of this uncertainty, this analysis cannot provide definitive evidence to support or reject the hypothesis that pass-through and disregard policy affects child support payments. Implications for policy are also limited because, even in the absence of a disincentive effect of a partial (or no) pass-through/disregard, other criteria may justify a full pass-through. For example, full pass-throughs are one way to increase the income of economically vulnerable families, and they may have a number of other beneficial effects. The Wisconsin Child Support Demonstration Evaluation is examining several potential effects, evaluated with several different methods. That evaluation will provide policymakers with more information on the potential advantages and disadvantages of a full pass-through/disregard.

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