The Stability of Child Support Orders

Yoonsook Ha
Daniel R. Meyer
Maria Cancian

Institute for Research on Poverty
University of Wisconsin–Madison

December 2006

This report has been prepared under a contractual agreement between the Wisconsin Department of Workforce Development and the Institute for Research on Poverty. Any views expressed in this paper are those of the authors and not necessarily those of the sponsoring institutions.

Abstract

Until the 1980s, child support orders in the United States often remained unchanged from when they were set, which left the custodial parent bearing all the costs of inflation and excluded the child(ren) from receiving any increases in the noncustodial parent's income. Wisconsin's child support guidelines, established in the 1980s, were based on the principle that the child support order should be set so that as much is spent on the child as it would have been had the parents been together. This principle implies that an order should change when the noncustodial parent's income changes. This paper explores whether this principle is borne out by the data by addressing three questions, using data mainly drawn from the Kids Information Data System: (1) How often do noncustodial parents' earnings change over a five-year period? (2) To what extent do child support orders change, and are these changes related to changes in earnings? (3) Do changes in payments occur over this five-year period, and if so, are the changes linked to changes in earnings, orders, or both? Findings suggest that a substantial proportion of fathers experience large changes in earnings in this five-year period, presenting an administrative challenge if the system sought to keep pace with changes in earnings. The second analysis revealed that relatively few of the cases with large changes in earnings have a large change in the amount of child support owed. And finally, findings suggest that both changes in earnings and changes in the amount of child support orders are strong predictors of changes in payments.

The Stability of Child Support Orders

Historically, divorce in the United States was marked by a final settlement, sometimes described as a "clean break" (Oldham, 2000). Under this notion, child support orders were set at the time of a divorce and not expected to change (Rothe, 2004). One of the problems with this system was that custodial parents bore all the costs of inflation, as orders were not adjusted to reflect these changes in the cost of living. Moreover, any increases in the noncustodial parents' income beyond that of inflation were not shared with the child, and some policymakers were concerned that some children living below poverty could have more income if the noncustodial parent were required to pay more as his or her income increased.

One of the major changes to the child support system in the 1980s was the introduction of child support guidelines. The child support guidelines in Wisconsin (and in most states) are built on a principle of continuity of expenditures (Garrison, 1999; Rothe and Meyer, 2000), that is, the child support order should be set so that as much is spent on the child as it would have been had the parents been together. An implication of this principle is that if circumstances change so that more (or less) would have been spent on the child, the child support order should be adjusted. In Wisconsin's main guideline, the order is based on the number of children and the income of the noncustodial parent. Following the principle, orders should change when there are changes in the number of children or in the income of the noncustodial parent. This principle would seem to imply relatively frequent changes to orders, at least as frequent as income changes or as the number of minor children changes. However, changing child support orders can disrupt a delicate balance in the relationship between parents, so some custodial parents have been reluctant to pursue a change in order even if there was a substantial change in income (Kost et al., 1996). Moreover, changes to the order are administratively costly, requiring the actions of the court and/or the child support agency, further decreasing the likelihood that a revision would be pursued unless there was a substantial change.

Little prior research exists on the extent to which there are changes in the income of noncustodial parents, and whether these changes in income result in changes in child support orders. This report contributes to knowledge about these issues by considering changes in the amount of child support orders and their relationship to changes in earnings. We select Wisconsin couples who had their first child support order in 2000 and who would have at least one minor child during the next five years. We first determine how often earnings change over a five-year period.[1] Our second analysis is an examination of the extent to which child support orders change, and whether these changes are related to changes in earnings. Finally, we also include a brief examination of whether changes in payments occur over this five-year period, and whether these changes are linked to changes in earnings, changes in orders, or both.

I. PRIOR LITERATURE

Patterns of Changes in Noncustodial Parents' Incomes

Several estimates of the income of noncustodial fathers exist (for a review, see Garfinkel et al., 1998; for more recent work see Cancian and Meyer, 2004, and Rich, 2001). Two older papers focused on income over time, and both use Wisconsin data from the 1980s. Phillips and Garfinkel (1993) show substantial increases in mean incomes over a seven-year period for paternity cases, with smaller and inconsistent findings for divorce cases. Meyer (1995) focuses on the distribution of earnings changes for fathers with paternity established and finds significant increases over time for most fathers, with the highest increases for the youngest fathers. More recently, the earnings of noncustodial fathers of children receiving TANF in Wisconsin were examined during 1998 and 1999 (Cancian and Haveman, 2001; Cancian and Meyer, 2004). Across the two years about two-thirds of fathers changed earnings categories,

[1]Data limitations preclude our ability to focus on all components of income. Instead, we focus on earnings, the most important source of income for this population.

with overall earnings (among those with earnings) increasing by over $1,000. We could find no work using more recent data on changes in income among a broad sample of noncustodial fathers.

Patterns of Changes in Child Support Orders

There is relatively little research on whether individual cases have changes in child support orders. In the 1980s, when the lack of changes to orders first received more attention from policymakers, there were several pilot studies in which old child support orders were reviewed to see if they needed to be changed. Kost et al. (1996) compares studies in six states, and shows that 10 to 14 percent of cases were revised. The studies suggested that orders did not generally keep pace with changing circumstances. However, a key reason for not revising orders was that the custodial parent did not give permission to revise the order (rather than an assessment that the order did not need revising). The review also showed that revised orders increased by a substantial amount, averaging an increase of over $200/month, further suggesting that orders were generally being changed only when very large adjustments were warranted.

We also know little about the extent to which orders change in the absence of special review processes, nor is there substantial research on the characteristics of the cases that change orders. In one exception, Meyer (1995) examines paternity cases in Wisconsin two years after paternity was established. Few cases had changes in their order, and, among those that did, the change did not appear to be related to changes in income.

More recent work at IRP using administrative data has shown that a substantial percentage of orders change.[2] For example, Rothe (2004) examines orders that began in 1997 and shows that 21 percent

[2]Work on the extent to which orders change in Wisconsin has been complicated by the existence of "percentage-expressed" orders. Some cases in Wisconsin had orders that were not denominated in dollars, but were issued as a particular percentage of the noncustodial parent's income. These percentage-expressed orders by definition changed whenever the noncustodial parent's income changed. However, this type of order is no longer issued for any case administered by the child support office, and old cases with this type of order were systematically changed in the early 2000s.

of these orders were for a different amount one year later. While explanations for order changes are not her focus, she does note that orders do not keep pace with changes in earnings.

This paper builds on this work, using more recent data, and focusing more on the relationship between individual earnings changes and order changes.

Patterns of Changes in Child Support Payments

Some work in Wisconsin has explored patterns of child support payment over time (Meyer and Bartfeld, 1998; Cancian and Meyer, 2005). In contrast to some hypotheses that the amounts of payments decline over the life of a case, this research has found that compliance is generally stable. Both earnings and order amounts have been consistently found to be strong predictors of payments (e.g., Bartfeld and Meyer, 2003; Ha et al., 2005), though there is relatively little work examining whether changes in income are related to changes in payments.

II. DATA AND METHODS

Data and Sample

Data for this study are mainly drawn from the Kids Information Data System (KIDS), the statewide child support information system. The KIDS data contain information about child support orders, payments, and demographic information about the parents and children involved. We also utilized the Client Assistance for Re-employment and Economic Support (CARES) data to measure the TANF and Food Stamps participation of mothers of children who are owed child support. Finally, we incorporate earnings information from the Unemployment Insurance (UI) system.

We begin by selecting couples who had their first order in 2000 (18,783 cases).[3] We limit our sample to couples who were demographically eligible for child support in Wisconsin over a five-year period. Therefore, we excluded couples whose youngest child was age 18 or more at the end of our observation period (1,841 cases). We also excluded cases that moved to another state, cases where the noncustodial parent or the child(ren) died so that their order was terminated within the five years of observations (394 cases), and cases in which the order lasted such a short period of time that nothing was owed in the time period we use to calculate orders and payments (121 cases).[4] Finally, we limit our sample to couples where the data show that the father is the noncustodial parent and the mother is the custodial parent over the time period. Because the purpose of this study is to provide the basis for a companion analysis of the impact of changes on noncustodial fathers' orders and payments on the stability of custodial mothers' income, we excluded cases where the father was not the noncustodial father or the mother was not the custodial mother at the beginning of the order, and cases where the noncustodial parent and the custodial parent changed over the next five years (2,518 cases). This leaves a base sample of 13,909 couples. Because our focus is on whether the amounts of orders change with changing earnings, we further limit our sample to couples that never had a percentage-expressed or mixed order during the five-year period (8,915 cases).

One of our key variables is the amount of the order. We consider only current child and family support orders between the couple. Other owed amounts, including past support, arrears on past support,

---

[3]We were able to identify cases that had their first order set in another state before 2000 and sent to Wisconsin to enforce in 2000, by assessing the amount of arrears that they had prior to or within two months of the begin date of their order. Because we limit our sample to those with a new order in Wisconsin during 2000, we excluded these cases. We also eliminated (and do not include in our initial sample) a small number of cases that had a substantial amount of arrears before or shortly after the order began, because we suspected that these cases might have begun before 2000 but appeared to be 2000 orders due to data inconsistencies (82 cases). The focus and timeframe of this report precluded detailed review of case notes; it is possible that a review of these notes could resolve these seeming inconsistencies.

[4]In this study, we examine years relative to the order. That is, the "first year" will include the first calendar quarter after the order begins and the next three quarters, and the "second year" will be the next four quarters. Due to this method, some cases that had orders only in the very first or second month of the order appeared to have zero orders for the whole observation period in our analysis. We excluded those cases.

lying in (birthing) costs, and other court costs (e.g., blood tests, fees, etc.), are excluded in our measure. Our measure of payments is similar, focusing only on current child and family support and ignoring other types of payments.[5]

Analytic Approach

Our focus in this study is to examine the extent to which child support owed amounts and payments change when noncustodial fathers' earnings change. Focusing on noncustodial fathers in couples who had their first child support order in 2000, we first consider the extent to which the fathers' earnings change over the five-year period. For this analysis, we divide fathers into seven categories of earnings changes ranging from proportionately large decreases to large increases: those whose earnings decreased by more than 50 percent in the next year, decreased by 16 to 50 percent, decreased by 1 to 15 percent, had no change, increased by 1 to 15 percent, increased by 16 to 50 percent, and increased by more than 50 percent in the following year.[6] We show the extent of earnings changes over time by documenting the average amount of earnings changes and the distribution of changes within the groups, considering both year-to-year changes as well as changes between the first year and the fifth year.[7]

We then examine the extent to which the amount of orders changes and whether these changes are related to changes in earnings. We first show descriptive results, documenting the extent of changes in

[5]Child support payments include payments to the mother and payments to the state. In the companion study to this report, on the stability of child support payments and the impact on mothers' incomes, we will consider only the amounts that were received by the mothers.

[6]There were about 1,000 fathers in each pair of two consecutive years who had positive earnings in only one of the years, and zero earnings in the other. If a father moved from positive earnings to zero in the following year, we consider them as having more than a 50 percent decrease in their earnings. If their zero earnings changed to positive earnings the next year, we categorized them into the category having more than a 50 percent increase in their earnings.

[7]Large proportional changes in earnings could be the result of small absolute dollar changes for individuals with small initial earnings. For our sample, however, most proportionately large earnings changes (i.e. more than 50 percent increase or decrease in earnings) were also large changes in absolute terms. For example, individuals with a 50 percent or greater earnings increase earned an average of $10,000 more, and about 67 percent of those in this category had earnings increases of more than $5,000 per year.

the owed amounts among fathers in each of the categories of earnings changes described above.[8] Similar to the analysis of earnings changes, we show the average amount of changes in earnings and the distribution of the changes within the groups, both for year-to-year changes and from the first to the fifth year. We then conduct a descriptive multivariate analysis in which we examine whether changes in the owed amounts are associated with changes in earnings, controlling for other factors that may be related to changes in the owed amounts. We estimate a probit regression model to analyze how the probability of changes in the owed amounts is associated with changes in earnings from the first year to the fifth year, holding all else equal. The key independent variable is the extent to which fathers' earnings changed using the same categories as above. We control for the baseline characteristics of the father, the mother, and the children.

For our final set of analyses, we examine the extent to which payments are associated with changes in earnings and the amount owed. Using the same categorization of change, we compare changes in payments among fathers in each of the earnings change groups. We then examine changes in payments among fathers within order change groups. Finally, we conduct a descriptive multivariate regression analysis to examine the extent to which the amount of payments in the final year are associated with changes in earnings and changes in the owed amounts, controlling for other factors that may be related to changes in payments. We only focus on the payments of the fifth year in this multivariate analysis so that we explore the extent to which changes in earnings and orders throughout the whole observation period are related to the amount of payments in the last year of the observation period. We use an Ordinary Lease Square (OLS) regression model. We control for the amount of payments in the first year and characteristics of the fathers, the mothers, and the children, and other factors thought to be related to the amount of payments.

---

[8]We used the same categorization of order changes, payment changes, and earnings changes.

III. RESULTS

Patterns of Changes in Noncustodial Parents' Incomes

In Table 1 we document the extent to which the noncustodial father's earnings change over a five-year period following the order. Comparing each year with the next, mean earnings decline between the first and second year, but then increase each year. Table 1a shows that in each of the pairs of adjacent years, 12 to 19 percent of fathers have a large decrease in earnings (more than 50 percent), and a similar proportion have a large increase (more than 50 percent). About 20 to 30 percent of fathers have no change between adjacent years, but almost all of these are fathers who had zero recorded earnings in both of the years. Comparing the first year with the fifth year, there is a mean increase of about $750. However, 25 percent of fathers have a large decrease in earnings, compared to 22 percent with a large increase. Thus, nearly half the fathers have a large change in earnings between the first and fifth year. The "stable" earnings group, the nearly twenty percent that have no change between the first and fifth year, is almost entirely composed of those with no recorded earnings in either year.

Table 1b examines changes in dollar amounts, rather than percentage changes. While fewer than 10 percent experience an increase (or decrease) of $10,000 or more in adjacent years, over the five-year period 18 percent had an increase of this magnitude and 14 percent had a comparable decrease.

Table 1a
Earnings Changes for Noncustodial Fathers (Percentage)

	N	Mean Change ($)	Median Change ($)	Proportion of Sample						
				Large Decrease (>50%)	Small Decrease (16–50%)	Very Small Decrease (<15%)	No Changes	Very Small Increase (<15%)	Small Increase (16–50%)	Large Increase (>50%)
1st–2nd year	8,915	-511	0	19.5	10.1	10.2	21.8	15.8	9.0	13.7
2nd–3rd year	8,915	106	0	15.9	8.0	9.9	25.8	16.2	8.6	15.6
3rd–4th year	8,915	497	0	13.6	7.6	9.0	28.4	16.9	8.7	15.8
4th–5th year	8,915	677	0	12.6	6.8	9.6	29.5	16.2	9.1	16.3
1st–5th year	8,915	768	0	24.9	7.3	4.8	19.7	8.7	12.8	21.9

Table 1b
Earnings Changes for Noncustodial Fathers (Dollar Amounts)

	N	Mean Change ($)	Median Change ($)	Proportion of Sample						
				Large Decrease (>$10,000)	Small Decrease ($5,000–9,999)	Very Small Decrease ($1–4,999)	No Changes	Very Small Increase ($1–4,999)	Small Increase ($5,000–9,999)	Large Increase (>$10,000)
1st–2nd year	8,915	-511	0	9.2	8.5	22.2	21.8	22.9	8.3	7.2
2nd–3rd year	8,915	106	0	7.4	6.6	19.7	25.8	24.4	8.9	7.2
3rd–4th year	8,915	497	0	7.0	6.0	17.3	28.4	24.3	9.1	7.9
4th–5th year	8,915	677	0	6.7	5.2	17.0	29.5	23.7	9.6	8.4
1st–5th year	8,915	768	0	14.2	7.7	15.1	19.7	14.4	10.8	18.2

Patterns of Changes in the Amount of Child Support Orders

Table 2 examines whether the owed amounts changed. The first panel of the table includes each two-year change separately, for a total of 35,660 observations (8,915 cases with four year-to-year changes each). The first row of the first panel shows that looking at the two-year periods, about three-quarters of the observations included no change in the amount of the order, so the general pattern for fathers with fixed-dollar orders is not to have a change in any one year. The second panel considers changes over the full five-year period and includes each order once (n=8,915). Over the full period, about half the orders showed no change. Large decreases in the amount of orders were about twice as common as large increases (17.8 percent compared to 8.9 percent).

Are changes in the owed amounts related to changes in earnings? We divide fathers into groups based on how much their earnings changed. Focusing on changes over the five-year period in the bottom panel, we see that the mean amount of orders fell for fathers in every earnings change group, but they showed the smallest decline among those whose earnings increased the most. Examining the rest of the table, there is not a strong relationship between changes in earnings and changes in the owed amounts. Among fathers with large decreases in earnings, only 18 percent had a large decrease in their owed amount, and about half had no change at all. Moreover, among fathers with large decreases in earnings, 8 percent had a large *increase* in their owed amount, and 18 percent had some increase in their owed amount. Focusing on those with large increases in earnings, only 12 percent have a large increase in their owed amount, about half have no change in the owed amount and 17 percent have a large *decrease* in their owed amount. One notable pattern is that the proportion of cases with no change in their owed amount is highest for cases with no changes in their earnings, primarily cases with no earnings in the UI data.

Table2
Do Orders Change As Earnings Change?

				Proportion of Sample with Change in Order of:							
	N	Mean Change ($)	Median Change ($)	Large Decrease (>50%)	Small Decrease (16–50%)	Very Small Decrease (<15%)	No Change	Very Small Increase (<15%)	Small Increase (16–50%)	Large Increase (>50%)	Total (%)
Comparing Each Year with the Next											
Total	35,660	-120	0	6.5	4.1	3.8	74.2	4.7	3.1	3.4	
Changes in Earnings											
Large Decrease (>50%)	5,484	-122	0	6.9	4.1	4.0	74.0	4.5	3.3	3.3	15.4
Small Decrease (16–50%)	2,898	-128	0	6.5	6.1	5.0	70.4	4.6	3.4	4.0	8.1
Very Small Decrease (<15%)	3,446	-166	0	6.4	4.7	4.2	71.8	6.1	3.2	3.7	9.7
No Changes	9,406	-132	0	6.4	2.9	2.5	79.8	4.0	2.3	2.1	26.4
Very Small increase (<15%)	5,801	-139	0	6.8	4.4	4.6	71.0	5.8	3.6	3.8	16.3
Small Increase (16–50%)	3,155	-93	0	7.3	4.2	4.0	70.1	5.6	4.5	4.4	8.9
Large Increase (>50%)	5,470	-60	0	5.9	4.6	4.1	74.2	4.0	3.1	4.2	15.3
Comparing First Year with Fifth Year											
Total	8,915	-481	0	17.8	7.7	4.2	49.5	5.6	6.4	8.9	
Changes in Earnings											
Large Decrease (>50%)	2,216	-499	0	18.3	8.0	4.2	51.4	4.7	5.6	7.9	24.9
Small Decrease (16–50%)	653	-464	0	15.5	10.9	4.9	48.6	5.7	5.4	9.2	7.3
Very Small Decrease (<15%)	428	-721	0	16.6	11.2	5.8	41.8	8.9	6.8	8.9	4.8
No Changes	1,752	-469	0	17.0	5.6	3.2	57.4	5.5	5.6	5.8	19.7
Very Small increase (<15%)	777	-691	0	18.0	9.9	6.2	42.3	6.6	7.1	9.9	8.7
Small Increase (16–50%)	1,141	-661	0	21.6	6.9	5.0	43.2	6.2	7.6	9.5	12.8
Large Increase (>50%)	1,948	-234	0	16.5	7.1	3.4	48.7	5.1	7.3	11.8	21.9

Table 3 shows the results of multivariate regression analyses that examine the relationship between changes in fathers' earnings and the probability that there was a change in the amount of their child support order. The first columns show our base model. As expected, when fathers' earnings decrease or increase by a large percentage, the probability of changes in the owed amounts significantly increases; however, the magnitude of the increase is not large. More specifically, the model estimates that those who experience a decrease of 50 percent or more in their earnings have 12 percent greater probability of having an amount change in their order than those with no changes in earnings. Similarly, fathers with increases in earnings of 50 percent or greater had about a 20 percent greater chance of experiencing an amount change in their order, compared to fathers who did not experience any changes in their earnings. Both these estimates are statistically significant at conventional levels ($p<0.05$).

The control variables show that the owed amounts are more likely to change among fathers with higher initial earnings, white fathers, fathers whose partners have lower earnings, divorce cases, those with more children, and those with younger children. Cases with family complexity (fathers paying to other mothers or mothers receiving from other fathers) are less likely to have a change in their owed amount. Finally, Milwaukee cases are less likely to have changes to their orders.

Because the patterns in Milwaukee appeared different from the rest of the state, in the remaining columns we compare these groups separately. In Milwaukee County, only fathers who experience a large increase in earnings are significantly more likely to have their owed amounts change, whereas in the rest of the state, both large increases and large decreases in earnings are more likely to result in a change in the owed amounts. Our other control variables are generally similar in the two areas. One exception is that outside Milwaukee, mothers' earnings are negatively related to the likelihood of an order change, as is whether the mother received support from another father; these variables are not significantly related to changes in the owed amounts in Milwaukee County.[9]

[9]We also tested other specifications. One hypothesis was that factors related to increases in orders might be different from those related to decreases; in general our results are that the same factors are related to both increases and decreases in orders.

Table 3
Probit Analysis of Any Change in Order Between Year 1 and Year 5

	All Fathers (N=8,915)		Milwaukee cases		Non-Milwaukee cases	
	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.
Intercept	-0.203	0.133	-0.460	0.097***	0.080	0.107
Changes in Father's Earnings						
50% or More Decrease	0.110	0.047**	0.072	0.079	0.140	0.060**
16–50% Decrease	0.001	0.069	0.077	0.123	-0.021	0.083
1–15% Decrease	0.054	0.080	0.164	0.153	0.030	0.095
1–15% Increase	-0.021	0.069	0.022	0.128	-0.030	0.083
16–50% Increase	0.005	0.062	0.102	0.114	-0.010	0.075
50% or More Increase	0.178	0.046***	0.218	0.080***	0.161	0.057***
Father's Initial Earnings						
$10,000–$19,999	0.186	0.045***	0.145	0.075*	0.200	0.056***
$20,000–$29,999	0.217	0.050***	0.340	0.089***	0.159	0.061***
$30,000–$39,999	0.239	0.059***	0.174	0.116	0.246	0.069***
$40,000 or More	0.282	0.060***	0.503	0.119***	0.214	0.071***
Age of Fathers in the 1st Year (compared to less than 25)						
25–29	0.053	0.041	0.016	0.069	0.078	0.051
30–39	-0.001	0.043	-0.050	0.075	0.034	0.053
40+	0.032	0.057	-0.053	0.100	0.070	0.070
Race of Father						
Black	-0.241	0.043***	-0.162	0.074**	-0.300	0.058***
Others	-0.081	0.035**	-0.070	0.085	-0.085	0.039**
Mother's Initial Earnings						
$10,000–$19,999	-0.037	0.034	-0.004	0.063	-0.052	0.040
$20,000–$29,999	-0.106	0.043**	0.099	0.082	-0.189	0.051***
$30,000–$39,999	-0.160	0.068**	0.054	0.124	-0.262	0.081***
$40,000 or More	-0.313	0.088***	-0.224	0.184	-0.369	0.101***
Marital Status (compared to Paternity)						
Divorce	0.470	0.041***	0.547	0.085***	0.443	0.047***
Number of Children in the 1st Year (compared to1)						
2	0.283	0.045***	0.381	0.105***	0.267	0.050***
3 or More	0.436	0.066***	0.363	0.161**	0.444	0.073***
Age of Youngest Child in the 1st Year (compared to 0–1						
2–5	-0.190	0.035***	-0.247	0.059***	-0.146	0.045***
6–10	-0.247	0.047***	-0.305	0.085***	-0.213	0.057***
11 or More	-0.243	0.078**	-0.404	0.150***	-0.165	0.093*
TANF Participation of Mothers in the 1st Year	0.039	0.049	0.152	0.063**	-0.094	0.084
Other CS from Other Men in the 1st Year of the Order	-0.077	0.037**	0.014	0.063	-0.135	0.047***
Father's Payment to Other Women	-0.185	0.035***	-0.302	0.057***	-0.108	0.046**
Locality (compared to Milwaukee)						
Other Urban	0.259	0.049***	-	-	-	-
Rural	0.344	0.048***	-	-	-	-
Unemployment Rate in the 5th Year	-0.026	0.020			-0.020	0.019
Log Likelihood	-5566.34		-1718.81		-3822.7	
Number of Observations	8,915		2,922		5,993	

p < .10; ** p<.05; *** p<.01.
Model also controls for those missing divorce/paternity status.

Patterns of Changes in Child Support Payments

Our final analysis is an exploration of changes in payments, and whether these changes are related to changes in earnings or changes in the owed amounts, or both. In Table 4 we examine the extent to which payment changes are related to earnings changes. There is a strong relationship between changes in earnings and changes in payments; in general those who experienced a decline in earnings had a decline in payments, and those who had an increase in earnings had an increase in payments, whether we examine year-to-year changes or changes over the five-year period. For example, when we compare the first and fifth year, half of those who had a large decrease in earnings had a large decrease in payments (and only 16 percent had a large increase in payments). In contrast, 45 percent of those with a large increase in earnings had a large increase in payments (and 16 percent had a large decrease in payments).

Table 5 shows a strong relationship between changes in the owed amounts and payments. Whether we examine year-to-year changes or changes between the first and fifth year, those who had a decrease in the amount owed had a decrease in the amount paid, and those who had an increase in the owed amount had an increase in payments. Looking at changes between the first and fifth year, the mean change in payments is quite large for those with large changes in the amount owed (whether a decrease or an increase), a change in payments of over $2,500. Four in five fathers who had a large decrease in their owed amount had a large decrease in payments, and nearly three in four who had a large increase in the owed amounts had a large increase in payments.

Table 4
Do Payments Change as Earnings Change?

	N	Mean Dollar Amount Change ($)	Median Dollar Amount Change ($)	Proportion of Sample with Change in Payment of:							
				Large Decrease (>50%)	Small Decrease (16–50%)	Very Small Decrease (<15%)	No Change	Very Small Increase (<15%)	Small Increase (16–50%)	Large Increase (>50%)	Total (%)
Comparing Each Year with the Next											
Total	35,660	-55	0	16.0	10.7	14.9	20.8	13.6	7.3	16.7	
Changes in Earnings											
Large Decrease (>50%)	5,484	-548	-236	42.1	14.6	6.8	12.8	6.1	4.9	12.8	15.4
Small Decrease (16-50%)	2,898	-318	-151	16.6	24.2	18.7	7.7	12.2	8.2	12.5	8.1
Very Small Decrease (<15%)	3,446	-159	0	7.8	12.1	27.1	15.1	22.8	7.3	7.9	9.7
No Changes	9,406	-11	0	13.8	7.7	9.4	40.8	8.2	5.5	14.6	26.4
Very Small Increase (<15%)	5,801	-79	0	7.3	8.6	26.3	17.6	25.8	7.5	6.9	16.3
Small Increase (16–50%)	3,155	104	8	9.9	9.5	18.9	10.9	22.3	13.3	15.2	8.9
Large Increase (>50%)	5,470	504	182	11.3	7.0	8.3	14.2	7.4	8.9	43.0	15.3
Comparing First Year with Fifth Year											
Total	8,915	-219	0	27.9	9.9	10.4	10.3	9.4	9.2	23.0	
Changes in Earnings											
Large Decrease (>50%)	2,216	-825	-455	51.1	11.2	4.7	7.7	4.4	5.3	15.7	24.9
Small Decrease (16–50%)	653	-468	-184	24.4	20.5	14.7	3.2	9.3	11.9	15.9	7.3
Very Small Decrease (<15%)	428	-619	-30	17.1	15.9	18.9	3.7	16.6	14.0	13.8	4.8
No Changes	1,752	-9	0	23.1	6.5	7.7	29.1	6.8	6.7	20.3	19.7
Very Small Increase (<15%)	777	-575	-28	19.2	11.6	22.0	4.4	16.3	11.3	15.2	8.7
Small Increase (16-50%)	1,141	-336	0	22.1	9.1	18.2	4.8	17.7	12.2	15.9	12.8
Large Increase (>50%)	1,948	662	426	16.2	6.3	6.8	5.8	8.3	11.2	45.4	21.9

Table 5
Do Payments Change as Orders Change?

	N	Mean Dollar Amount change ($)	Median Dollar Amount Change ($)	Proportion of Sample with Change in Payment of:							
				Large Decrease (>50%)	Small Decrease (16–50%)	Very Small Decrease (<15%)	No Change	Very Small Increase (<15%)	Small Increase (16–50%)	Large Increase (>50%)	Total (%)
Comparing Each Year with the Next											
Total	35,660	-55	0	16.0	10.7	14.9	20.8	13.6	7.3	16.7	
Changes in Orders											
Large Decrease (>50%)	2,332	-1,797	-957	69.1	4.6	1.5	17.0	1.5	1.3	4.9	6.5
Small Decrease (16–50%)	1,477	-1,137	-848	16.9	43.7	9.1	4.4	5.6	5.4	15.0	4.1
Very Small Decrease (<15%)	1,364	-348	-224	11.1	20.2	29.5	4.9	12.8	7.5	13.9	3.8
No Changes	26,468	8	0	12.8	9.7	16.6	25.1	14.3	6.4	15.3	74.2
Very Small Increase (<15%)	1,691	391	212	8.6	8.1	15.1	5.3	35.0	13.7	14.3	4.7
Small Increase (16–50%)	1,115	1,012	794	9.1	5.7	5.5	5.3	13.1	35.9	25.6	3.1
Large Increase (>50%)	1,213	1,968	1,385	6.5	4.0	2.8	7.2	2.4	7.3	69.8	3.4
Comparing First Year with Fifth Year											
Total	8,915	-219	0	27.9	9.9	10.4	10.3	9.4	9.2	23.0	
Changes in Orders											
Large Decrease (>50%)	1,583	-2,866	-1,827	80.1	3.6	0.6	11.0	0.4	0.6	3.7	17.8
Small Decrease (16–50%)	689	-1,290	-1,000	16.4	45.4	7.4	3.8	4.9	7.1	15.0	7.7
Very Small Decrease (<15%)	377	-151	-188	13.8	16.7	28.7	2.9	9.8	11.7	16.5	4.2
No Changes	4,410	87	0	19.4	8.2	15.2	14.4	12.1	8.2	22.5	49.5
Very Small Increase (<15%)	496	662	335	10.9	6.7	11.5	3.8	29.8	17.9	19.4	5.6
Small Increase (16–50%)	570	1,206	927	13.0	4.9	3.0	3.2	10.5	37.2	28.3	6.4
Large Increase (>50%)	790	2,695	2,173	8.5	3.0	1.5	4.4	2.7	6.7	73.2	8.9

Table 6 presents a relatively simple descriptive model of the amount of payments in the fifth year, controlling for the amount of payments in the first year. In the first set of columns, we focus on the relationship between changes in earnings and the amount paid in the fifth year. As expected, there is substantial consistency across time—payments in the first year are an important predictor of payments in the fifth year. Fathers who experienced a large decrease in earnings between year 1 and year 5 pay less in year 5, and those who experienced a large increase in earnings, pay more, all else equal. In the second set of columns, we add in changes in the owed amount. Changes in earnings continue to be associated with payments, even controlling for changes in the amount owed. There is also a strong and significant relationship between changes in the owed amount between years 1 and 5 and payments in year 5. In both analyses shown in this table, most of the control variables show expected relationships; for example, divorce cases have higher payments, all else equal. There do not appear to be different patterns in Milwaukee, so we show results only for the state as a whole.

IV. CONCLUSIONS AND POTENTIAL IMPLICATIONS FOR POLICY

This report has focused on three interrelated questions. Regarding patterns of earnings, we find that a substantial proportion of fathers experience large changes in earnings during this five-year period. In a system in which changes in orders require administrative action, this degree of variability in earnings means that it would be administratively difficult to have orders keep pace with changes in earnings.

Given the frequency of earnings changes and the difficulty of changing orders, perhaps it is not surprising that in our second analysis we find that relatively few of the cases with large changes in earnings have a large change in their owed amount. It is more puzzling that some of the cases with large increases in earnings have large decreases in the owed amounts, and vice versa. This finding may merit more research. For example, some of the cases with increase in earnings that have large decreases in owed amounts may be cases in which a child reached age 18 or no longer was living with the custodial parent; these types of changes were not within the focus of this report.

Table 6
Ordinary Least Squares Analysis of Payments in the Fifth Year

Variables	Coeff.	S.E.	Coeff.	S.E.
Intercept	572	301	693	263***
Changes in Fathers Earnings (compared to no change)				
Large decrease (>50%)	-810	95***	-737	83***
Small decrease (16–50%)	-158	136	-234	119**
Very small decrease (<15%)	-101	161	-231	140*
Very small increase (<15%)	25	132	-99	115
Small increase (16–50%)	68	114	36	99
Large increase (>50%)	599	98***	486	86***
Changes in the Owed Amount (compared to no change)				
Large decrease (>50%)	-	-	-2899	78***
Small decrease (16–50%)	-	-	-697	109***
Very small decrease (<15%)	-	-	142	139
Very small increase (<15%)	-	-	967	126***
Small increase (16–50%)	-	-	1256	115***
Large increase (>50%)	-	-	2343	100***
Father's Payment Year 1	0.72	0***	0.72	0***
Age of Fathers in the 1st Year (compared to less than 25)				
25–29	-41	92	67	80
30–39	163	95	254	83***
40+	128	129	268	112**
Race of Father				
Black	-332	97***	-456	85***
Other	-152	79 *	4	69
Mother's Initial Earnings (compared to less than $10,000)				
$10,000–$19,999	-4.2	76	-82	66
$20,000–$29,999	80	97	-17	85
$30,000–$39,999	-34	152	-85	133
$40,000 or more	0.03	198	-145	172
Marital Status (compared to Paternity)				
Divorce	239	92***	234	81***
Number of Children in the 1st Year (compared to1)				
2	130	101	209	88**
3 or more	129	143	325	125***
Age of Youngest Child in the 1st Year (compared to 0–1)				
2–5	-1.2	79	-9	69
6–10	-148	104	-100	91
11 or more	-361	171**	-154	150
TANF Participation of Mother in 1st Year	-22	108	-156	94*
Other CS from Other Men in 1st Year	-77	84	-65	73
Father's Payment to Other Woman in 1st Year	12	79	-133	69*
Having Arrears in 1st Year	-116	221	-1	193
Locality (compared to Milwaukee)				
Other Urban	-36	110	37	96
Rural	-66	110	-76	96
Unemployment Rate in the 5th Year	35	45	48	39
R-Square	0.5993		0.6964	
Number of Observation	8,915		8,915	

The model also includes a dummy variable for missing values in marital status.
* p<.10; ** p<.05; ***p<.01

Finally, we find that changes in the amount of child support orders are a stronger predictor of changes in payments than are changes in earnings. This is similar to conclusions reached by other recent child support research in Wisconsin (Bartfeld and Meyer, 2003; Ha et al., 2005), which found that among fathers in formal employment child support payments tend to track the amount of orders.

From one perspective, then, this report highlights the effectiveness of the current enforcement system, especially for those with formal earnings. More attention may need to be focused on those outside formal employment. On the other hand, these results also highlight the potential need for more frequent amount changes in orders if they are to keep pace with changing circumstances and be consistent with the Wisconsin guidelines, especially their guiding principle of continuity of expenditures. The administrative challenges of such changes are likely to be substantial, especially in a context of shrinking resources.

References

Bartfeld, Judi, and Daniel R. Meyer. 2003. "Child Support Compliance among Discretionary and Nondiscretionary Obligors." *Social Service Review* 77: 347–372.

Cancian, Maria, and Robert Haveman. 2001. "The Employment and Earnings of Nonresident Fathers in Wisconsin," In *W-2 Child Support Demonstration Evaluation, Phase I: Final Report, Volume II: The Well-Being of W-2 Families*, Chapter 7, edited by Daniel R. Meyer and Maria Cancian. Report to the Wisconsin Department of Workforce Development. Madison, WI: Institute for Research on Poverty.

Cancian, Maria, and Daniel R. Meyer. 2005. "Child Support: An Uncertain and Irregular Income Source?" Institute for Research on Poverty Discussion Paper 1298-05. Madison, WI.

Cancian, Maria, and Daniel R. Meyer. 2004. "Fathers of Children Receiving Welfare: Can They Provide More Child Support?" *Social Service Review* 78: 179–206.

Garfinkel, Irwin, Sara S. McLanahan, and Thomas L. Hanson. 1998. "Patchwork Portrait of Nonresident Fathers." In *Fathers under Fire: The Revolution in Child Support Enforcement*, edited by Irwin Garfinkel, Sara S. McLanahan, Daniel R. Meyer, and Judith A. Seltzer. New York: Russell Sage. Pp. 31–60.

Garrison, Marsha. 1999. "Child Support Policy: Guidelines and Goals." *Family Law Quarterly* 33 (1): 157–189.

Ha, Yoonsook, Daniel R. Meyer, and Mei-Chen Hu. 2005. "Do Higher Child Support Orders Discourage Fathers from Paying Child Support?" Report to the Wisconsin Department of Workforce Development. Madison, WI: Institute for Research on Poverty.

Kost, Kathleen A., Daniel R. Meyer, Tom Corbett, and Patricia R. Brown. 1996. "Revising Old Child Support Orders: The Wisconsin Experience." *Family Relations* 45: 19–26.

Meyer, Daniel R. 1995. "Supporting Children Born Outside of Marriage: Do Child Support Awards Keep Pace with Changes in Fathers' Incomes?" *Social Science Quarterly* 76: 577–593.

Meyer, Daniel R., and Judi Bartfeld. 1998. "Patterns of Child Support Payment in Wisconsin." *Journal of Marriage and the Family* 60: 309–318.

Oldham, J. Thomas. 2000. "New Methods to Update Child Support." In *Child Support: The Next Frontier*, edited by J. Thomas Oldham and Marygold S. Melli. Ann Arbor: University of Michigan Press.

Phillips, Elizabeth, and Irwin Garfinkel. 1993. "Income Growth among Nonresident Fathers: Evidence from Wisconsin." *Demography* 30: 227–241.

Rich, Lauren. 2001. "Regular and Irregular Earnings of Unwed Fathers: Implications for Child Support Practices." *Child and Youth Services Review* 23 (4/5): 353–376.

Rothe, Ingrid. 2004. “Alternative Cost-of-Living Adjustments to Child Support Orders: A Simulation Using Wisconsin Orders.” Report to Wisconsin Department of Workforce Development. Madison, WI: Institute for Research on Poverty.

Rothe, Ingrid, and Daniel R. Meyer. 2000. “Setting Child Support Orders: Historical Approaches and Ongoing Struggles.” *Focus* 21(1): 58–63.