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# Changing Families, Changing Policy

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# Acknowledgements

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Opinions are those of the presenter and may not represent those of collaborators or sponsoring institutions

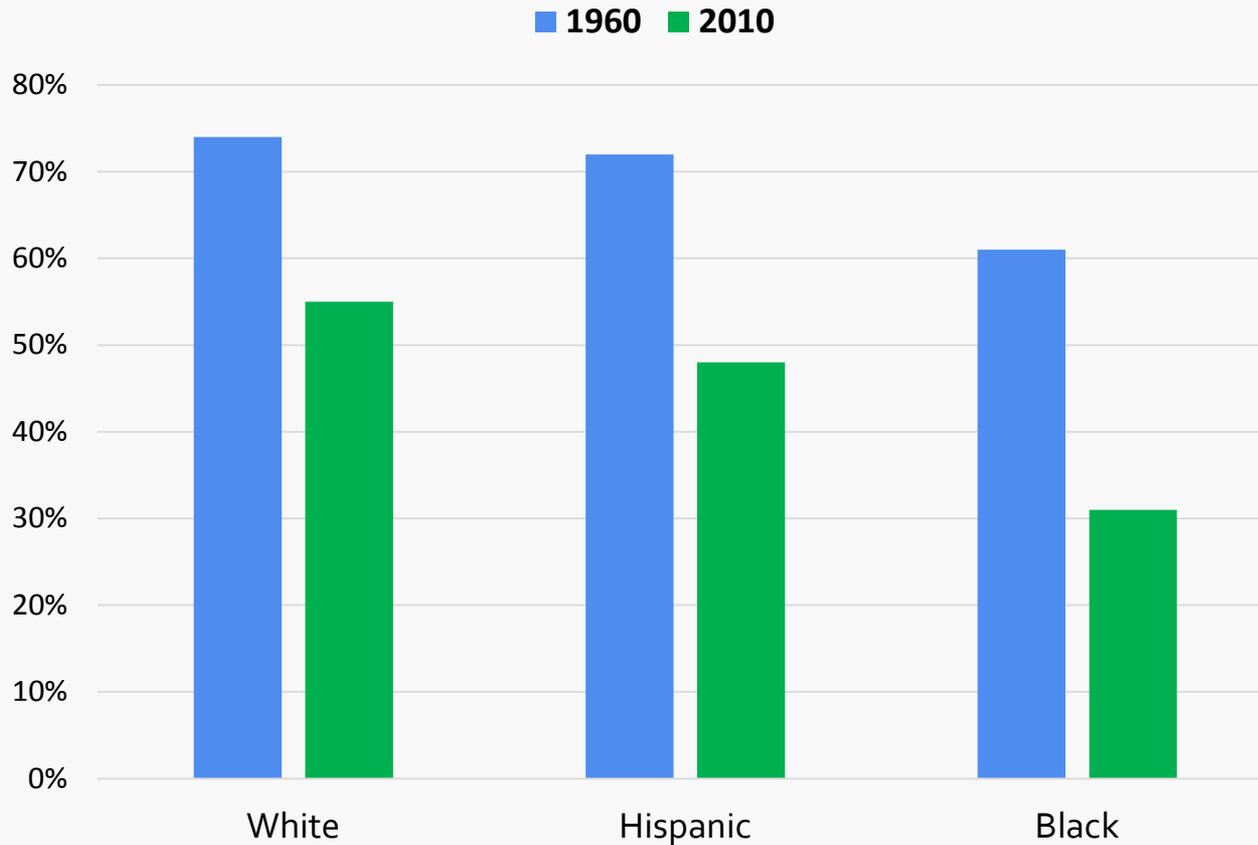
# Outline

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- Unmarried parent families are common, and are more likely to be poor
- Child support can be a critical resource for children living in a single mother family
- But many fathers cannot pay adequate support, especially given multiple obligations
- A child support guarantee is an innovation that can help meet today's families' needs

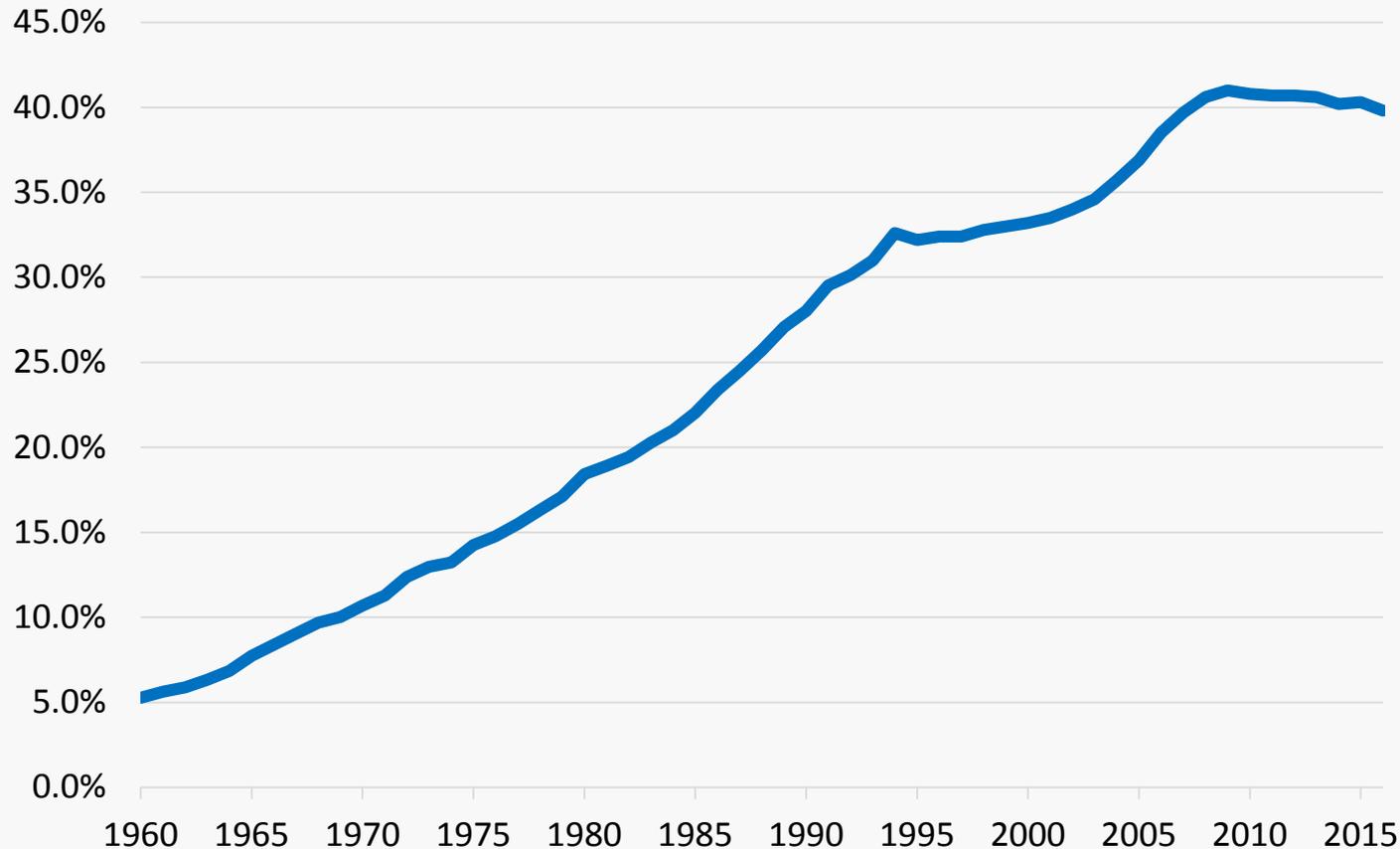
# Fewer Americans are married

Share currently married by race, 1960 and 2010



Source: PEW Research Center analysis of Census 1960 and ACS 2010

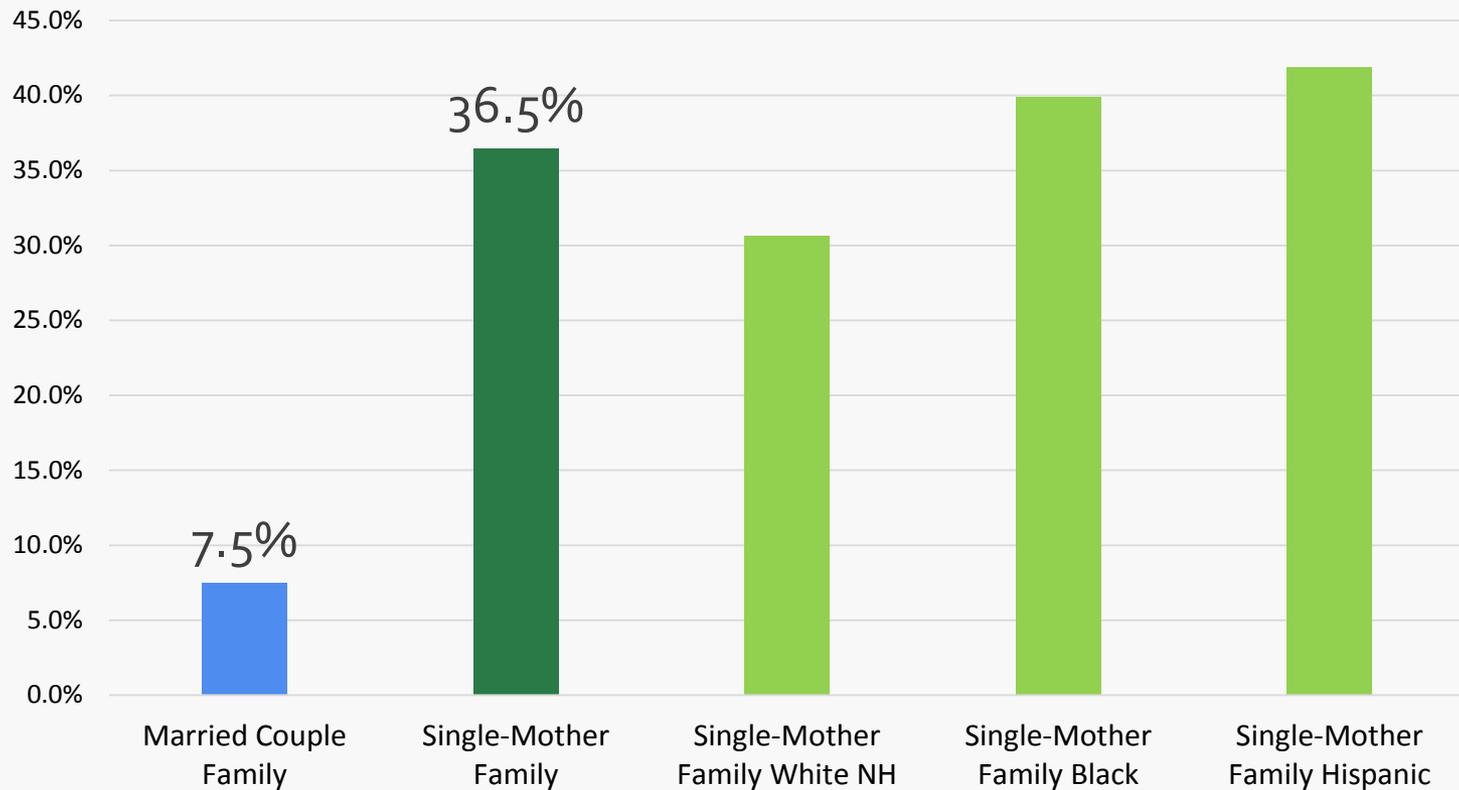
# 40% of American children are born to unmarried parents



Source: Centers for Disease control and Prevention National Center for Health Statistics

# Children in single-mother families are more likely to be poor

Proportion of households with children under 18 in poverty



Source: U. S Census Bureau

# How can we improve the economic security of single-mother families?

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- Previous policy provided cash welfare to help (some) mothers stay home with their children when “deprived” of fathers’ financial support
- Current policy provides a “work-based safety net” to support working mothers, e.g.
  - Earned Income Tax Credit (EITC)
  - Child care
- And expects and enforces child support from nonresident fathers

# Child support can be a key resource

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- Child support is an important resource for poor families who receive it
- But many nonresident fathers with irregular or informal earnings do not pay what they owe
- Many low income nonresident fathers cannot afford to pay the support their children need:
  - High orders are not manageable
  - Low orders are inadequate
  - Complex families make the problem harder to solve

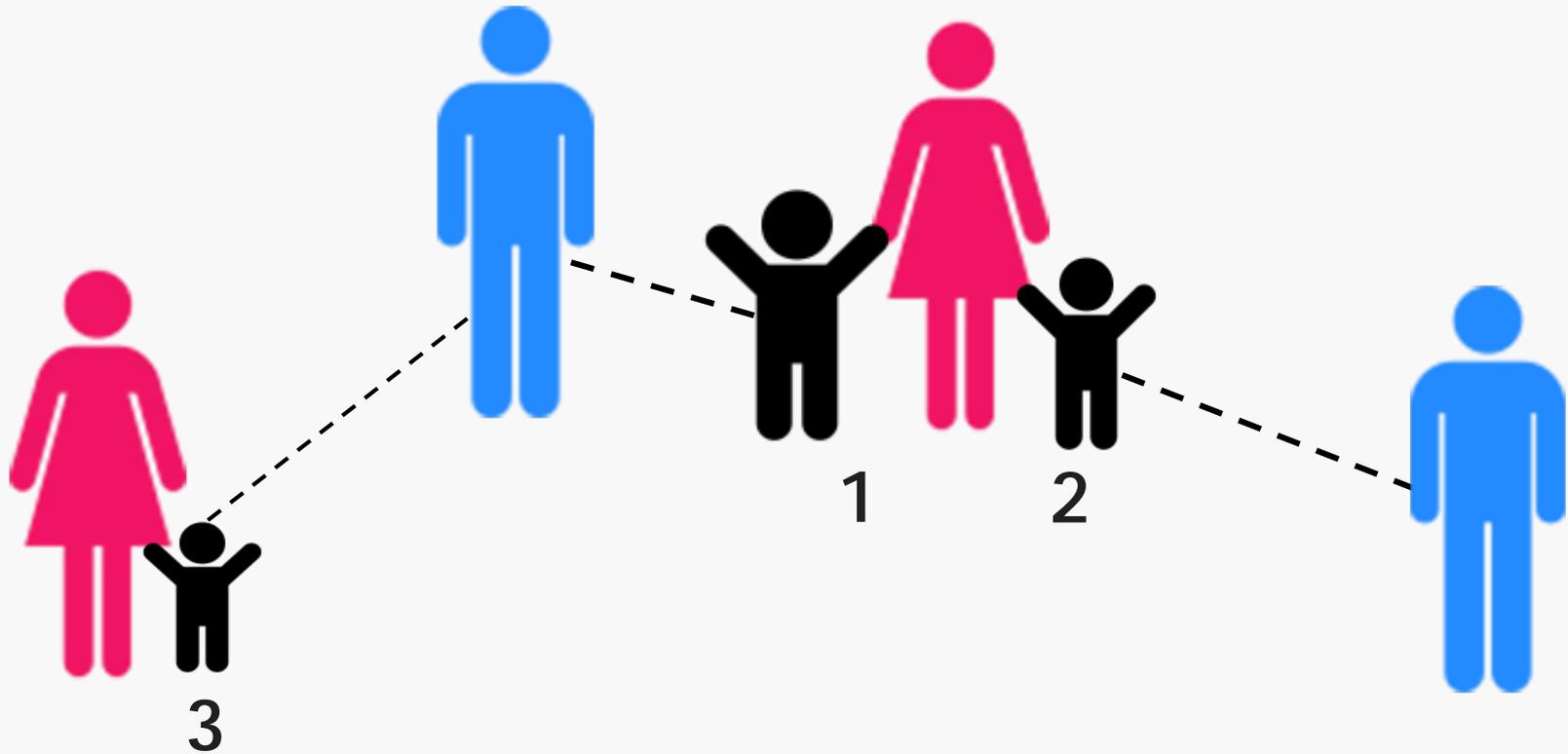
# Children with unmarried parents are likely to be part of complex families

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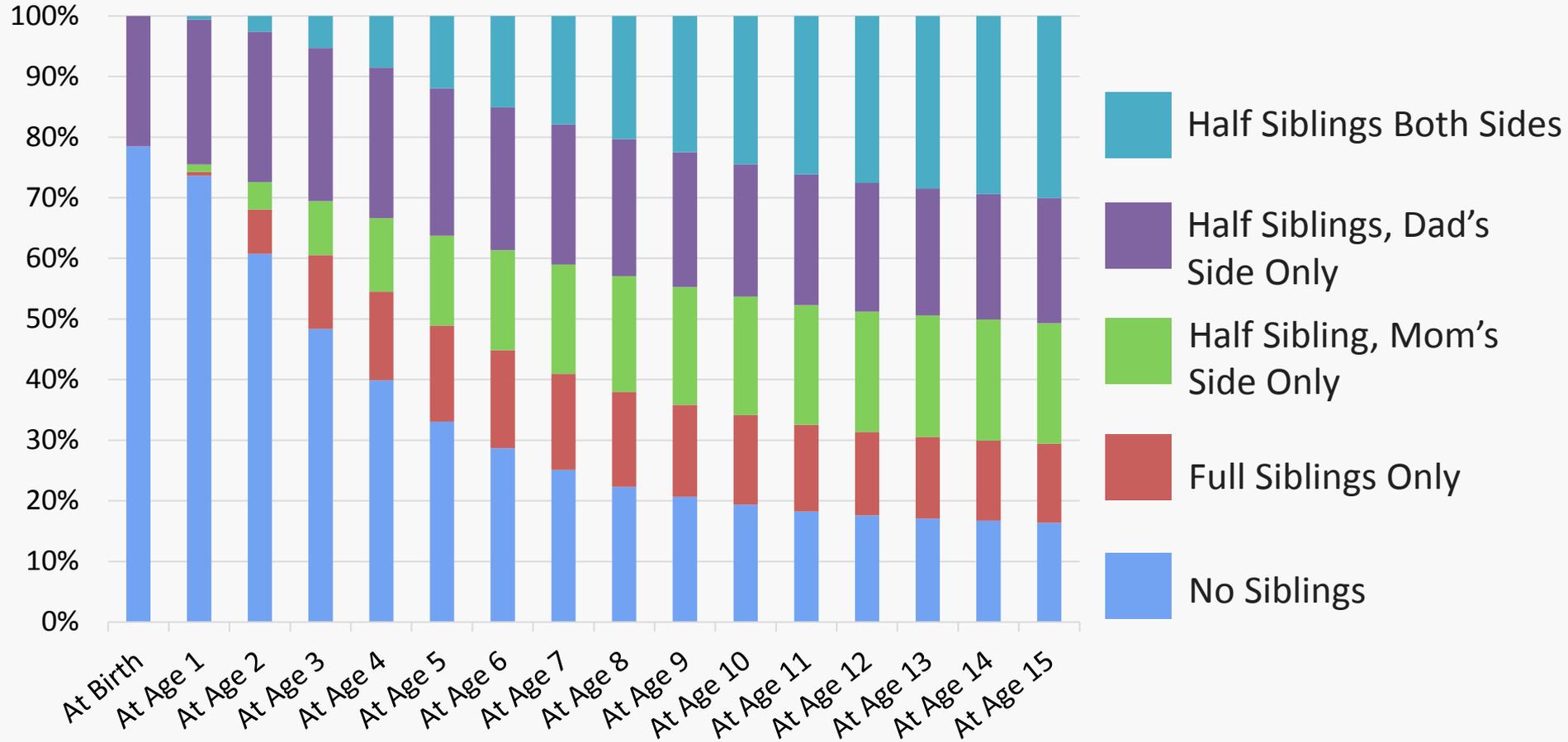
- “Complex families” refers here to parents who have children with multiple partners:
  - Mothers who have children with more than one father
  - Fathers who have children with more than one mother
  - Children who share their mother and/or father with half-siblings
- In the research shown here, we emphasize the perspective of children, and whether they have half-siblings (e.g. we do not count step-parents or step-siblings, so our picture is over-simplified).

# Many children live in complex families

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# Most children born to unmarried parents will be part of complex families



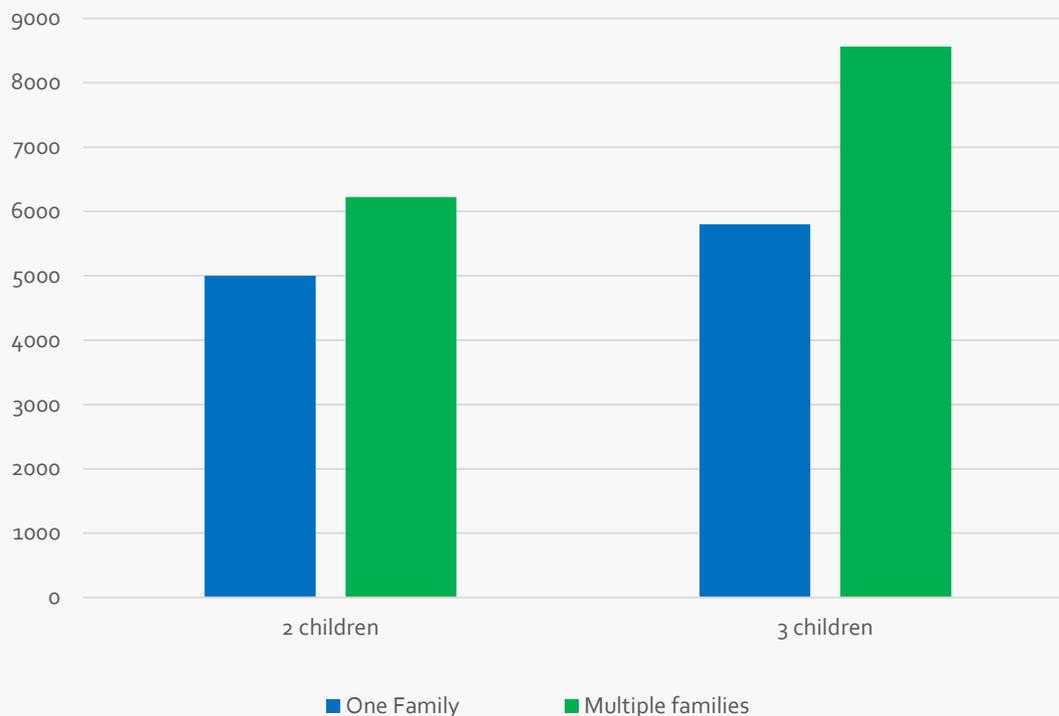
Note: Authors' calculations from Wisconsin administrative data for 1997 cohort

# Complex families especially need a child support system that works for them

- Mothers and fathers in complex families are more likely to have low earnings
- Formal child support more important in complex families because informal support particularly unreliable
- Fathers with complex families will generally owe more child support, even for the same number of children

# Fathers with children in multiple families generally owe more support

- For example, in Wisconsin a father earning \$20,000 would typically owe:



- \$5,000/year for 2 children in 1 family
- \$6,222 for 2 children in 2 families
- \$5800/year for 3 children in 1 family
- \$8,564/year for 3 children in 3 families

# Given fathers' limited incomes, adequate child support requires a public guarantee

- Children assured of receiving a consistent minimum monthly child support payment
  - If fathers owe less than the minimum, public guarantee fills the gap– *a subsidy*
  - If fathers do not pay what they owe, public guarantee fills the gap– *a loan to the father*
- Fathers' orders set according to ability to pay (per federal guidance); CS system works to:
  - Enforce reasonable orders
  - Enable improved earnings

# Example of a child support guarantee

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**Guarantee min support:** \$150/month/child

**Standard order:** 12.5% of income per child

**Max total order:** 33% of father's income

## All children receive \$150/month

- If 12.5% of father's income < \$150, govt *subsidy*
- If father pays < 12.5%/child, govt *loan* to father up to \$150
- If father owes more than >33%, govt *loan* is long-term

# Conclusions

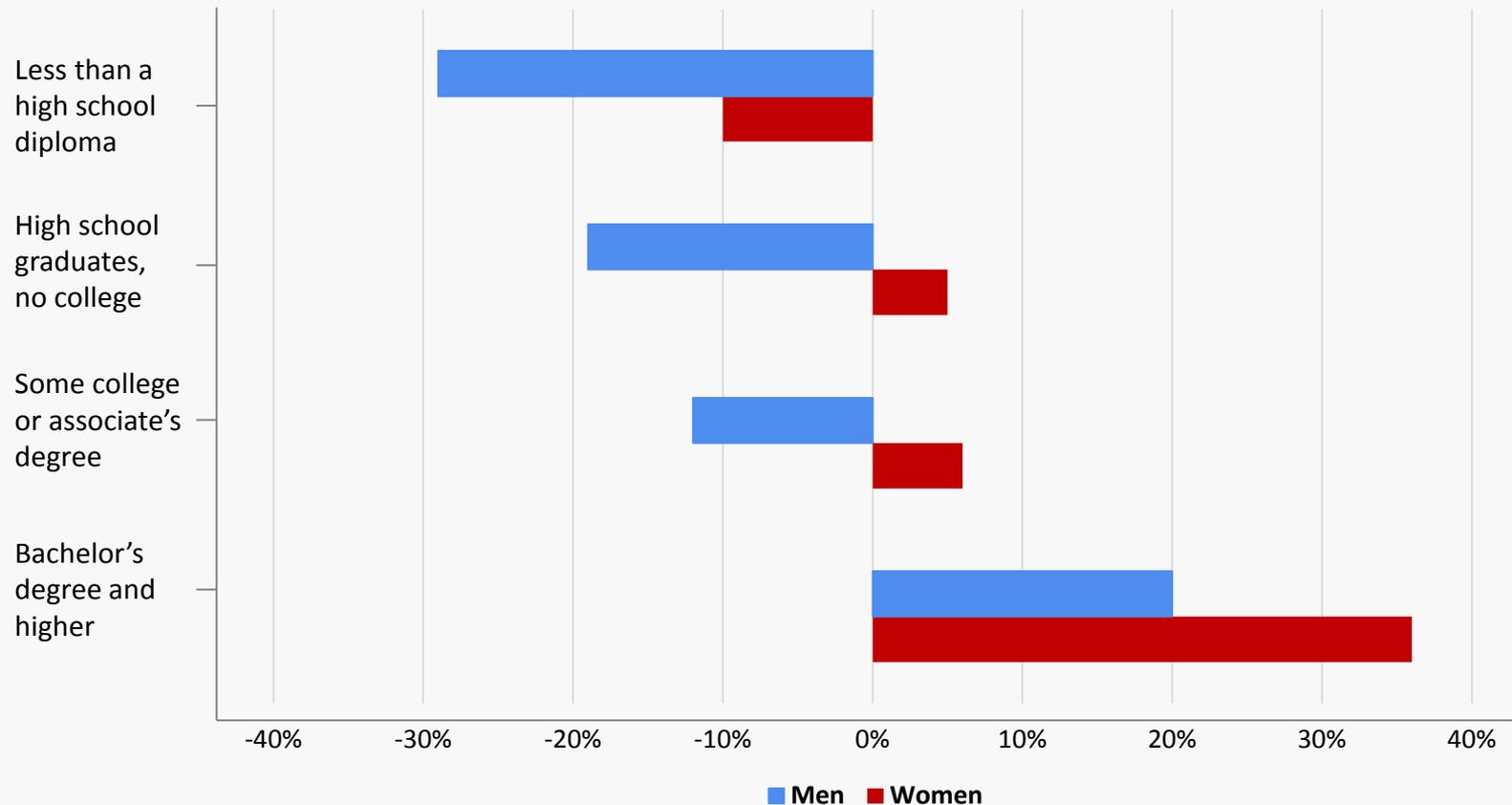
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- Many children are born to unmarried parents, and most will come to live in complex families
- Single mothers are often poor; child support is an important potential resource
- But many nonresident fathers are unable to provide adequate support, especially when they have children in multiple families
- A child support guarantee could substantially improve children's economic security

# Supplemental Information

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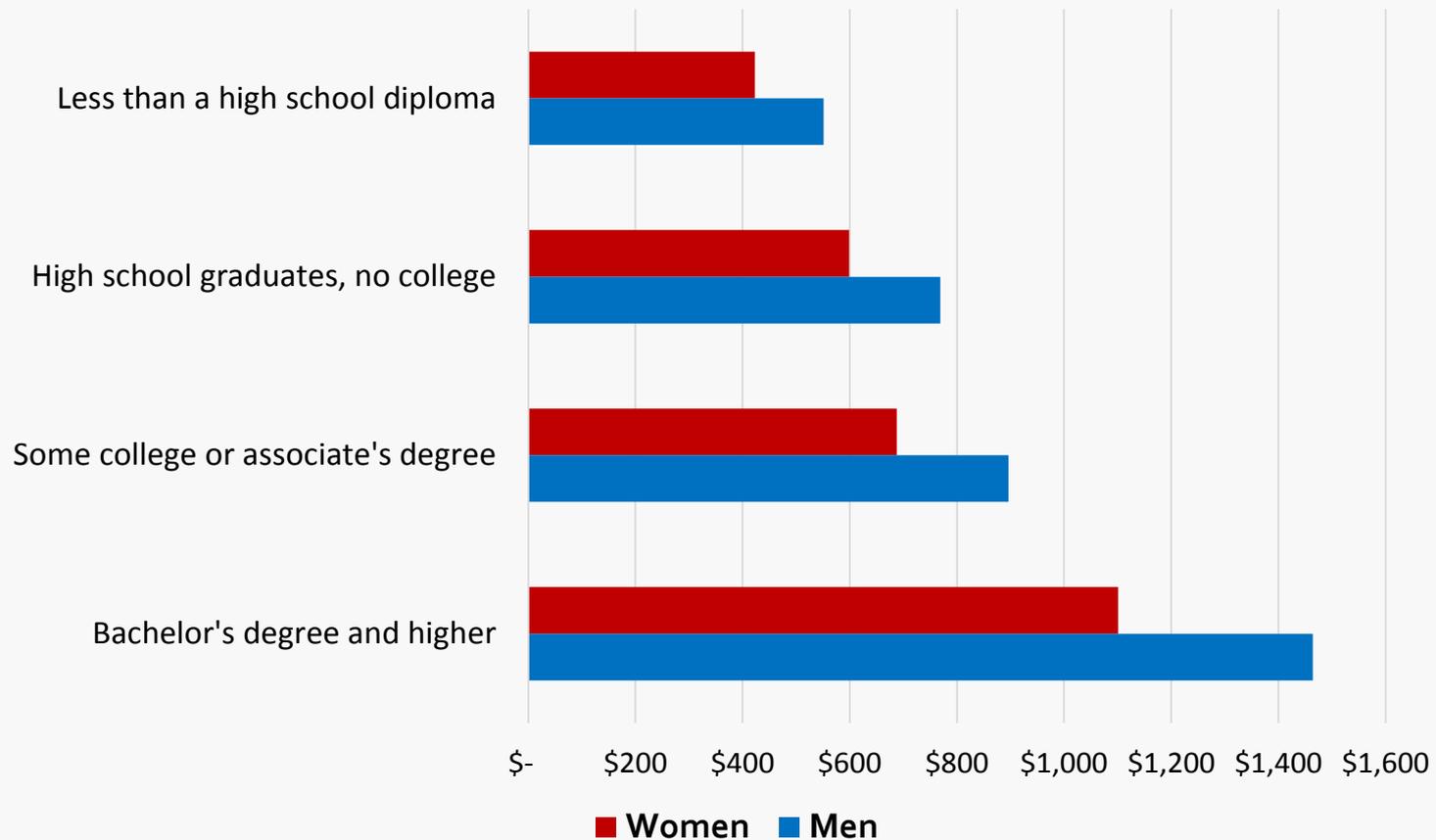
# Men and women's earnings are converging, and less educated men's earnings have fallen



Source: U.S Bureau of Labor Statistics, Current Population Survey

# But men still earn more

Median usual weekly earnings of women and men by educational attainment



Source: U.S Bureau of Labor Statistics