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Child Support Payments, Income Imputation, and Default Orders

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INTRODUCTION

The Flexibility, Efficiency, and Modernization in Child Support Programs final rule (U.S. DHHS, 2016) limits the use of income imputation and default orders. At least two sets of concerns have motivated policy and research in this area. First, there are concerns that both default orders and imputed-income orders are unfair to low-income noncustodial parents (NCPs) if they do not reflect the NCPs' actual earnings and ability to pay support. In addition, there are concerns that these types of orders may be counterproductive. Default orders—set without the participation of the NCP—may contribute to an NCP's disengagement with the child support system. Orders based on imputed income—if these are set beyond an NCP's ability to pay, or are deemed unfair—may also reduce payments and compliance.

In this report we examine the relationship between child support outcomes and two types of orders, those based on imputed income and those set by default. We examine the likelihood of these types of orders and how they are related to child support outcomes in the two years after the order. Our child support outcomes include both total child support paid (over the first year, and the second year after the order is set), and compliance—that is, total payments as a proportion of the amount due (again, over the first year and the second year).¹ For all analyses, we have a special focus on cases in which the NCP has low income (defined as less than 150 percent of the federal poverty guidelines), as these are cases of special policy interest and cases eligible for the current Wisconsin low-income guidelines.

¹In supplementary analyses, we also consider whether child support outcomes are related to whether the order is consistent with applicable guidelines.

This report is part of a series that considers the use of the guidelines (Hodges and Cook, 2019), how the guidelines treat cases in which the payer has low income (Hodges and Vogel, 2019), and methods of income imputation (Hodges, Taber, and Smith, forthcoming). We particularly follow the analysis of Hodges and Cook (2019), using the same methods to identify imputed-income orders, default orders, and whether cases were consistent with the low-income guidelines. While all these other reports examine related topics, none of them explicitly examine the relationships between default orders, income imputation and child support payments.

We build on the simple descriptive measures of the relationship between type of order and outcomes, and also estimate descriptive multivariate regressions to account for differences in the observable characteristics of NCPs with different types of orders.

Previous examinations of the relationship between the use of imputed income or the use of default orders, and the resulting payments on those child support cases, have been limited. However, the Modernization Rule issued by the Office of Child Support Enforcement (OCSE) in December 2016 (U.S. DHHS, 2016) provides new guidance regarding the setting of child support orders in cases where NCP income is unknown (or the reported income amounts are considered inappropriate for order setting). The rule also calls for states to consider imputed-income orders and default orders in their guidelines review. The new regulations have motivated recent work in this field.

Drafts of the Modernization Rule cited previous findings (Formoso, 2003; Takayesu, 2011; U.S. DHHS OIG, 2000; Visher and Courtney, 2006; Waller and Plotnick, 2001) indicating that orders set with imputed income have low rates of payment as they are often set too high given parents' actual ability to pay. Prior to the finalization of the rule, Fleming (2017) surveyed state child support directors and found that income imputation in most states is considered a "last

resort measure,” which might lead observers to be less concerned about the effect of this practice. But, more recent work has found that the use of imputed income, especially among low-income NCPs, is frequent—from one-quarter to one-half of such cases, depending on the jurisdiction (Brinig and Garrison, 2018, p. 526; Demyan and Passarella, 2018, p. 3).

More recent work largely confirms the finding that imputed-income orders are higher than otherwise called for by the guidelines, and are associated with lower payments and compliance. A study of child support practice in Maryland (Demyan and Passarella, 2018), found that actual income was 72 percent less than imputed income (usually imputed at full-time minimum wage). Furthermore, NCPs with imputed-income orders paid some support in only two-thirds of cases and paid only 31 percent of what was owed. In contrast, NCPs whose orders were set using actual income made a payment in 91 percent of cases, and these payments totaled 67 percent of the owed amounts. Even comparing outcomes only among low-income cases, collection rates for imputed cases were 10 percentage points lower than other low-income cases with orders based on actual income amounts.

Similarly in New Mexico, the recent guidelines review found that payments were lower in imputed-income order cases—\$1,908 per year versus \$2,944 per year—reflecting lower compliance rates—52.4 percent versus 63.3 percent (Venohr, 2018). A review of paternity cases in one county in Indiana (Brinig and Garrison, 2018) found close to half of orders being set with imputed income, and that those with imputed income set at minimum wage paid less of their order (had larger arrearages) and were more likely to face contempt proceedings.

Compared to the limited information on orders set using imputed income, there is even less information on default orders. Sorensen (2004) found that many of the child support cases in

California that had accumulated arrears had been set by default. Brito (2012) concludes that default orders are common among low-income NCPs.

Turetsky (2019) reviews some of this evidence and suggests strategies that states might use to improve the setting of orders in cases where income is unknown, or where NCPs do not appear in court. In particular, in recommendations focused on Maryland, she suggests that policy should:

- “clarify the definition of ‘voluntary’ impoverishment as intentional, purposeful, and deliberate;
- expand the factors listed in the guidelines to determine ‘potential’ income, consistent with federal rules;
- treat ‘potential income’ as a deviation from the guidelines, requiring a written justification. This would establish imputation as an exception, not the rule, and help the state identify imputed orders as part of its quadrennial guidelines review; and
- prohibit standardized child support orders based on generalized assumptions that parents should be earning at least full-time minimum wage” (p. 35).

In summary, the extant prior research shows that imputed-income orders and default orders are fairly common, especially for low-income NCPs. Moreover, both of these types of orders have been linked to lower payments (and/or higher arrears). However, the research is limited in scope and focuses on simple (bivariate) relationships, which might be misleading if the types of cases that have default or imputed-income orders also are more likely to have characteristics associated with lower payments.

DATA AND METHODS

This report uses data from the Wisconsin Court Record Data (CRD), a sample of child support-related cases filed in 21 Wisconsin counties (Brown, Roan, and Marshall, 1997).² We focus on the four most recent cohorts in the CRD: Cohorts 28, 29, 30, and 33, which comprise cases filed with the courts from July 2007 to August 2010 (Cohorts 28–30) and in 2013 (Cohort 33).³ All cases selected for inclusion in the CRD have the potential for child support payments for at least one year. Our analyses are weighted to adjust for sampling differences between large and small counties.

Our total sample consists of 6,249 cases, roughly evenly divided among the four cohorts. We focus on orders set in the main action (final judgement or first order after paternity is determined). The total sample excludes cases in these cohorts in which a child support order between the parents is not expected, or other information is missing. Specifically, we eliminate cases in which the parents are known to be reconciled or are known to be living together at the time of the final judgment ($n = 498$) and divorce cases in which there has yet to be a final judgment ($n = 14$). We also exclude cases with unknown placement arrangements, since we need to identify the NCP for our models ($n = 234$). Finally, we exclude rare types of cases that may have substantially different child support patterns (those in which children were placed with a third party, [$n = 89$]; cases in which the parents have split placement of the children, [$n = 28$];

²The 21 CRD counties are: Calumet, Clark, Dane, Dodge, Dunn, Green, Jefferson, Juneau, Kewaunee, Marathon, Milwaukee, Monroe, Oneida, Ozaukee, Price, Racine, Richland, St. Croix, Sheboygan, Waukesha, and Winnebago.

³No data were collected for cases that would have been in Cohorts 31 or 32.

and cases with other types of missing information [$n = 60$]). In our final analysis sample of 6,249 cases, 4,194 have a child support order.

For consistency, we follow the approach taken in a recent report by Hodges and Cook (2019) to determine imputed-income orders and default orders. We identify cases with imputed-income orders if the court record indicates that the type of support order is a “fixed-dollar order, based on a percentage of potential income” or if there is a record of a deviation from the guidelines related to the potential earnings of the payor.⁴ We find that 16 percent of cases for Cohorts 28, 29, 30, and 33 were imputed-income order cases ($n = 852$).⁵ We identify cases as having default orders if the court record indicates that the support order was determined by a “default method of arriving at a support amount when the payor fails to appear in court” (Wisconsin Court Record Data, 2019) and the NCP was not represented by counsel.⁶ We find that the noncustodial parent was not present or represented in court for 9 percent of cases ($n = 323$). In the supplementary analyses reported in the appendix, we distinguish whether orders were consistent with the guidelines; these decision rules also follow the approach of Hodges and Cook (2019), and the treatment previously used in Bartfeld, Cook, and Han (2015) and Cook and Brown (2013).⁷

⁴Data collectors identify three categories of deviations related to potential earnings of the payor: potential earnings of the payor (general), potential earnings of the payor based on full-time federal minimum wage, and potential earnings of the payor based on part-time federal minimum wage.

⁵This percentage is generally consistent with rates of imputed orders in other states. In a recent review of New Mexico child support guidelines, Jane Venohr (2018) reports that 13 percent of current support orders were based on income imputed at full-time minimum wage earnings (p. 29).

⁶Note that some default orders are for zero dollars; that is, a case comes to court, the NCP does not appear and is not represented, and the court does not issue an order for child support to be transferred. Because all analyses in this report after Table 1 are limited to cases in which child support is ordered, we do not focus on these cases.

⁷In general, this approach requires determining the appropriate guideline (shared-placement, serial-family, low-income, high-income) based on the placement arrangement, whether the NCP owes support to another family,

Each court case is matched to its associated case in KIDS, the state's child support administrative data system, to determine the monthly child support owed and paid amounts on the case. We sum payments and owed amounts in Year 1 over the first 12 full calendar months after the date on which child support is ordered by the court, and, for Year 2, over the second 12 calendar months. Child support compliance is calculated by dividing annual payments by annual owed amounts; we cap the compliance rate at 1.⁸

Cases are categorized as "low-income" based on the income of the noncustodial parent at the time the order was set. If available in the court record, we use the income for the NCP that was known to the court and used to set the order. For cases where NCP income was missing from the court record, we use the earnings reported to the state Unemployment Insurance (UI) system by employers for that NCP in the four full quarters before the date the order was set; those with no reported earnings are considered to have zero income. We then compare NCP income to the federal poverty line for a household of one for the year the order was set (in 2010 this amount was \$10,830); those under 150 percent of the poverty line are considered low-income.⁹

and the level of income of the NCP. The amount specified by any appropriate guideline is then compared to the actual order, and orders are treated as consistent if they are within \$50/month or within one percentage point of NCP income (for example, an actual order of 16–18 percent of NCP income would be consistent with an order of 17 percent of NCP income based on the guidelines. For these comparisons, we use only data available in the CRD. See Hodges and Cook (2019) for more detail.

⁸We consider orders for current support only. Payments include payments on current support and payments toward arrears. Calculating compliance in this way allows individuals who are do not pay at one point during the year but catch up through payments on arrears to show as fully compliant on an annual basis.

⁹Note that our calculation of the low-income status uses more information on NCP's income than we use for determining whether orders are consistent with the guidelines. To determine guidelines consistency we only consider income information that was known to the court (i.e., income amounts recorded in the court record). To determine low-income status we use all income information available to us, including earnings reports in the UI system.

RESULTS

We examine the likelihood of imputed-income and default orders and how child support outcomes vary with these approaches to orders for our full sample ($N = 6,249$) and among cases with low-income NCPs ($n = 1,611$). We consider both total child support paid (over the first year, and the second year), and compliance—that is, total payments as a proportion of the amount due (again, over the first year and the second year). The appendix provides additional analyses of child support outcomes based on whether orders were consistent with the guidelines.

The type of order may be related to characteristics that are associated with the level of payments and compliance. For example, less engaged NCPs may be less likely to attend court (and may therefore be given a default order); less engaged NCPs may also be less likely to pay support—regardless of the type of order. Similarly, NCPs with low or unstable earnings may be more likely to have an order with imputed income; NCPs with low or unstable earnings may also be less likely to pay support—again, regardless of the type of order. These situations would lead us to find that imputed-income orders and default orders had lower payments, but this would not be because of the type of order, but because these order types were associated with other characteristics that lead to lower payments. With this in mind, we also estimate descriptive multivariate regressions to account for differences in the observable characteristics of NCPs with different types of orders. While we cannot directly observe all important factors (e.g., engagement), and are therefore unable to clearly identify the causal relationship between type of order and child support outcomes, the multivariate models provide some suggestive evidence regarding the relative importance of type of order and other factors.

Table 1 shows the frequency of the use of imputed-income and default orders among all cases and low-income cases. Among all cases with a child support order, about one in five (21

percent) have income imputed, but the rate of imputed income is double (42 percent) among low-income NCPs. Default orders are less common (8 percent of all orders) but are almost twice as likely (15 percent) for low-income NCPs.

**Table 1: Imputed-Income Orders and Default Orders
Wisconsin Child Support Cases Coming to Court 2007-2013**

	All NCPs		All NCPs with a CS Order	
	<i>N</i>	Wtd Pct	<i>N</i>	Wtd Pct
All NCPs	6,249	100	4,194	100
By Imputed Income				
Yes	852	15.75	765	20.53
No	5,397	84.25	3,429	79.47
By Default Order				
Yes	323	8.67	211	7.95
No	5,926	91.33	3,983	92.05
Low-Income NCPs	1,611		1,596	
By Imputed Income				
Yes	681	42.07	673	42.02
No	930	57.93	923	57.98
By Default Order				
Yes	178	14.90	178	15.00
No	1,433	85.10	1,418	85.00

Note: Sample comprises cases coming to court in Wisconsin Court Record Data Cohorts 28, 29, 30, and 33. See text for exclusions.

Our primary focus in this report is the relationship between the type of order and child support outcomes. Table 2 reports the simple bivariate relationships among cases with an order at final judgement ($n = 4,194$) and shows unweighted sample sizes and results weighted to reflect different sized counties. The first row shows that, among all cases, 80 percent paid some child support in the first year, and 77 percent paid some in the second year. Mean child support amounts paid were \$3,727 and \$3,593 in the two years, respectively, and compliance was .63 in the first year and .64 in the second year, due to a modest decline in order amounts (not shown).

**Table 2: Child Support Outcomes by Order Types
Wisconsin Cases with an Order Coming to Court 2007–2013**

	N	Any Child Support Payment		Total CS Paid		Compliance (Paid/Owed)	
		First Year After Order Wtd Pct	Second Year After Order Wtd Pct	First Year After Order Wtd Mean	Second Year After Order Wtd Mean	First Year After Order Wtd Mean	Second Year After Order Wtd Mean
All NCPs	4,194	80.1%	77.0%	\$3,727	\$3,593	0.632	0.643
By Imputed Income							
Yes	765	61.6%***	60.8%***	\$46***	\$1,046***	0.312***	0.371***
No	3,429	84.9%	81.1%	\$4,445	\$4,250	0.719	0.717
By Default Order							
Yes	211	54.8%***	53.1%***	\$778***	\$834***	0.276***	0.280***
No	3,983	82.3%	79.0%	\$3,981	\$3,831	0.664	0.677
Low-Income NCPs Only	1,596	64.6%	62.6%	\$921	\$1,059	0.359	0.394
By Imputed Income							
Yes	673	58.9%***	58.7%***	\$580***	\$733***	0.265***	0.331***
No	923	68.7%	65.5%	\$1,168	\$1,295	0.428	0.440
By Default Order							
Yes	178	47.7%***	47.3%***	\$363***	\$535***	0.208***	0.227***
No	1,418	67.5%	65.3%	\$1,019	\$1,152	0.386	0.425

Note: *** p < .01; ** p < .05; * p < .10.

Our main interest is in how these outcomes vary with type of order. Across our three measures (any payment, mean payment, and compliance) and both years, cases with imputed income had much worse outcomes, and these were statistically significant. For example, in the first year a payment was made in only 62 percent of cases with imputed orders, relative to 85 percent of cases without imputed income. Mean payments were \$946 for those with imputed orders, and \$4,445 for those without, and compliance was .31 for those with imputed income and .72 for those without. The gaps narrow modestly in the second year, but remain large.

Turning to the comparison of outcomes for NCPs with default orders, we see very similar patterns when we examine the simple bivariate relationships. NCPs with default orders, compared to those without, were much less likely to pay any support (55 percent versus 82 percent in Year 1), paid less support (an average of \$778 versus \$3,981 in Year 1), and had lower compliance (.28 versus .66). Again, the gaps narrowed modestly in the second year.

The second set of panels in Table 2 show the same results for the sample of NCPs with low incomes (i.e., with incomes below 150 percent of the poverty line). While the negative association between child support outcomes and both the use of imputed-income and of default orders remains, the magnitude of the differences is substantially smaller. For example, considering mean child support payments in the first year, the difference between those with imputed income (\$580) and without (\$1,168) is large, but substantially smaller in both absolute and relative terms than the difference for the sample as a whole (\$946 versus \$4,445). This pattern is apparent across indicators and years, and for both orders with imputed income and default orders: the gap shrinks substantially, though it remains large and significant, when we restrict the comparison to NCPs with low incomes. This pattern suggests that some of the gap between those with and without imputed-income orders, and with and without default orders is

related to low income—with low-income NCPs more likely to have orders based on imputed income or default orders. This highlights the concern that differences in outcomes may be due to factors that are associated with the type of order, rather than the type of order itself. With that in mind, we turn to multivariate analysis, which allows us to examine the relationship between order type and outcomes, accounting for income and a number of other factors potentially related to outcomes.

Tables 3 and 4 show the results from a multivariate descriptive (ordinary least squares) regression analysis of child support paid and child support compliance. The models include our two primary measures of interest: whether income was imputed and whether the order was by default. To better assess the relationship of order type and child support outcomes, we also account for a range of other measures available in the CRD and other available data. In particular, we include physical custody arrangements (equal shared, father primary, mother primary, and father sole) relative to the excluded category of mother sole custody; whether a voluntary or adjudicated paternity case, relative to the excluded category of divorce case; legal representation (whether both parents were represented, neither was represented, or only the father was represented, relative to only the mother represented); and whether the order was stipulated. We also control for the NCP's earnings; the CP's earnings; the number of children; the age of the youngest child; as well as the county (rural or other urban, relative to Milwaukee County), whether a IV-D case and the CRD cohort. (We also estimate models that include the consistency of the order with guidelines [undetermined, too high, too low] relative to the excluded category of consistent, as reported in the appendix.)

**Table 3: Multivariate Analysis of Child Support Payments
Wisconsin Cases with an Order Coming to Court 2007-2013**

	All NCPs with Orders				Low-Income NCPs with Orders			
	Payments in First Year		Payments in Second Year		Payments in First Year		Payments in Second Year	
	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err
Imputed Income	-276	280	-279	283	-275***	91	-249**	109
Default Order	-274	373	-258	376	-175	123	-68	146
Placement (compared to mother sole)								
Equal placement	-3,894***	348	-3,599***	352	846**	336	627	401
Shared placement father primary	-2,587	1,620	-3,089*	1635	331	932	70	1112
Shared placement mother primary	-1,381***	369	-1,006***	373	312	248	740**	296
Sole placement father	-998	768	-698	780	-943***	344	-494	416
Paternity (compared to divorce)								
Paternity adjudicated.	-1,068**	450	-1,088**	455	-825***	220	-398	262
Paternity voluntary	-688	448	-698	452	-685***	219	-378	261
Petition date (compared to 2013)								
2007-08	-989***	277	-1,074***	280	-171	124	-381**	148
2008-09	-377	276	-462*	279	-196	123	-236	147
2009-10	-904***	274	-941***	276	-156	120	-204	144
County (compared to Milwaukee)								
Other urban	933***	220	1,039***	222	594***	97	742***	115
Rural	400	341	407	345	733***	182	808***	217
Number of children (compared to one)								
Two	943***	231	1,006***	233	237**	102	425***	121
Three or more	2,545***	316	2,468***	319	364**	157	702***	187
Age of youngest child (compared to 0-2)								
3-5	660**	305	789**	308	207	154	336*	184
6-10	403	336	591*	340	701***	195	964***	232
11-18	-32	396	-717*	400	131	256	-161	306
NCP earnings (compared to zero)								
\$1-10,000	-55	331	-143	335	-154	99	-192	118
\$10,001-20,000	692**	346	455	349	291***	113	226*	135
\$20,001-30,000	2,040***	384	1,560***	388				
\$30,001-40,000	3,228***	429	2,719***	433				
\$40,001-50,000	4,144***	496	3,436***	501				
\$50,001 or more	9,206***	433	8,255***	437				

(table continues)

Table 3, continued

	All NCPs with Orders				Low-Income NCPs with Orders			
	Payments in First Year		Payments in Second Year		Payments in First Year		Payments in Second Year	
	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err
CP earnings (compared to zero)								
\$1-10,000	-242	304	-310	307	-97	112	-330**	134
\$10,001-20,000	-787**	314	-806**	317	-212*	124	-336**	148
\$20,001-30,000	-1,165***	351	-1,072***	355	22	152	55	181
\$30,001-40,000	-2,221***	429	-2,271***	434	-558**	242	-724**	289
\$40,001-50,000	-2,669***	516	-2,723***	521	-49	365	-444	436
\$50,001 or more	-3,425***	501	-3,133***	505	658*	350	697*	417
Legal representation (compared to mother only)								
Both	1,427***	341	1,338***	344	1,021***	200	1,319***	238
Father only	-598	656	-432	662	-293	432	-44	517
Neither	-1,124***	376	-840**	379	-1,240***	212	-1,048***	253
Not stipulated	-809***	299	-647**	303	-694***	150	-693***	179
Non-IV-D case	759**	314	924***	318	287	209	766***	249
Intercept	2,869***	583	2,920***	589	2,126***	264	1,879***	315
<i>N</i>	4,182		4,173		1,634		1,632	
<i>R</i> ²	0.307159		0.2769		0.2447		0.22701	

*** $p < .01$; ** $p < .05$; * $p < .10$.

**Table 4: Multivariate Analysis of Compliance
Wisconsin Cases with an Order Coming to Court 2007-2013**

	All NCPs with Orders				Low-Income NCPs with Orders			
	Compliance First Year		Compliance Second Year		Compliance First Year		Compliance Second Year	
	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err
Imputed Income	-0.081***	0.014	-0.034**	0.015	-0.067***	0.019	-0.018	0.021
Default Order	-0.089***	0.018	-0.121***	0.020	-0.054**	0.025	-0.073***	0.028
Placement (compared to mother sole)								
Equal placement	0.044**	0.018	0.047**	0.020	0.230***	0.075	0.212**	0.084
Shared placement father primary	0.041	0.090	0.085	0.098	0.104	0.193	0.167	0.211
Shared placement mother primary	0.046**	0.019	0.079***	0.021	0.132**	0.052	0.162***	0.059
Sole placement father	-0.061	0.040	0.045	0.045	-0.146*	0.075	-0.035	0.089
Paternity (compared to divorce)								
Paternity adjudicated	-0.027	0.023	-0.016	0.025	-0.047	0.046	-0.002	0.052
Paternity voluntary	0.051**	0.022	0.063**	0.025	0.046	0.046	0.060	0.052
Petition date (compared to 2013)								
2007-08	-0.068***	0.014	-0.098***	0.015	-0.128***	0.026	-0.200***	0.029
2008-09	-0.053***	0.014	-0.076***	0.015	-0.115***	0.026	-0.134***	0.029
2009-10	-0.038***	0.014	-0.059***	0.015	-0.053**	0.025	-0.103***	0.028
County (compared to Milwaukee)								
Other urban	0.081***	0.011	0.085***	0.012	0.109***	0.020	0.117***	0.023
Rural	0.136***	0.017	0.148***	0.019	0.257***	0.038	0.260***	0.043
Number of children (compared to one)								
Two	-0.038***	0.012	-0.015	0.013	-0.030	0.021	-0.018	0.024
Three or more	-0.033**	0.016	-0.033*	0.018	-0.010	0.033	-0.005	0.037
Age of youngest child (compared to 0-2)								
3-5	0.003	0.015	0.012	0.017	0.017	0.033	0.034	0.036
6-10	0.011	0.017	0.016	0.019	0.100**	0.042	0.122***	0.046
11-18	-0.007	0.020	-0.019	0.023	-0.039	0.056	-0.056	0.069

(table continues)

Table 4, continued

	All NCPs with Orders				Low-Income NCPs with Orders			
	Compliance First Year		Compliance Second Year		Compliance First Year		Compliance Second Year	
	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err
NCP earnings (compared to zero)								
\$1-10,000	0.101***	0.016	0.093***	0.018	0.112***	0.021	0.111***	0.023
\$10,001-20,000	0.324***	0.017	0.276***	0.019	0.284***	0.024	0.261***	0.026
\$20,001-30,000	0.469***	0.019	0.399***	0.021				
\$30,001-40,000	0.521***	0.021	0.458***	0.024				
\$40,001-50,000	0.512***	0.025	0.466***	0.028				
\$50,001 or more	0.530***	0.022	0.487***	0.024				
CP earnings (compared to zero)								
\$1-10,000	0.018	0.015	0.009	0.017	0.038	0.023	0.001	0.026
\$10,001-20,000	0.006	0.016	0.001	0.017	0.008	0.026	-0.012	0.029
\$20,001-30,000	0.041**	0.018	0.056***	0.019	0.085***	0.032	0.097***	0.035
\$30,001-40,000	0.001	0.022	0.003	0.024	-0.011	0.052	-0.048	0.059
\$40,001-50,000	0.033	0.027	0.037	0.030	0.109	0.080	0.076	0.090
\$50,001 or more	0.028	0.026	0.010	0.029	0.132*	0.076	0.039	0.084
Legal representation (compared to mother only)								
Both	0.082***	0.017	0.072***	0.019	0.236***	0.043	0.235***	0.049
Father only	0.076**	0.034	0.072*	0.038	0.162*	0.094	0.224**	0.105
Neither	0.010	0.019	0.028	0.021	-0.070	0.046	-0.034	0.051
Not stipulated	-0.043***	0.015	-0.049***	0.017	-0.094***	0.032	-0.102***	0.036
Non-IV-D case	-0.030*	0.016	-0.012	0.018	-0.058	0.046	0.024	0.052
Intercept	0.337***	0.029	0.377***	0.032	0.368***	0.055	0.402***	0.062
<i>N</i>	3,966		3,780		1,564		1,488	
<i>R</i> ²	0.486947		0.418192		0.281257		0.241834	

*** p < .01; ** p < .05; * p < .10

Table 3 results suggest that once we control for these other factors, the relationship between type of order and child support outcomes is substantially smaller, and in some cases not statistically significant. Among all NCPs, there is no statistically discernable relationship between total child support paid and having an order with imputed income, in either year. Considering only cases with low-income NCPs, we estimate that those with imputed income pay about \$300 less per year in both the first and second years, about half the difference observed in the simple bivariate analysis (see Table 2). There is no statistically discernable relationship between total child support paid and having a default order among all NCPs nor among low-income NCPs, in either year. In other words, the statistically significant and very large differences in child support payments that we observe when comparing cases with and without imputed-income or default orders, are substantially accounted for by other factors.

Turning to compliance, in Table 4, we see a more consistent negative relationship between imputed income and compliance than we see for payments, though the magnitudes are smaller than observed in the bivariate estimates. Among all NCPs, those with imputed income are estimated to have a compliance rate in the first and second years that is .08 and .03 lower, respectively, than cases without imputed income (relative to a difference of .42 and .34 in the bivariate comparisons). Among low-income cases in the first year, cases with imputed incomes are estimated to have a compliance rate that is .07 less (relative to a difference of .16); in the second year there is no discernable relationship. Default orders are associated with an estimated .09 to .12 decline in compliance among all cases (relative to .39 and .40), and a .05 to .07 decline among low-income cases (relative to .18 and .20). In other words, much of the gap in compliance between orders with and without imputed income, and that are or are not default orders, is explained by other factors captured in the model.

Sensitivity Tests

Our interest is in the relationship between the type of order—new measures of orders using imputed-income and default orders—and child support outcomes. We are not able to estimate causal relationships with our data. But, even descriptive multivariate models suggest that most of the negative bivariate relationship observed between imputed-income orders and child support payments and compliance, and between default orders and child support payments and compliance, is accounted for by NCPs’ earnings level and other observable factors.

We tested the robustness of our results to a number of alternative specifications. First, since our measure of compliance is bounded between 0 and 1, we estimated our descriptive multivariate models of compliance in Year 1 and Year 2 as a fractional logit, rather than the OLS models presented here. The key results were qualitatively similar, with very little difference in estimated coefficients, and no change in significance for our indicators of imputed-income or default orders. Second, we tried propensity score matching techniques to estimate our models related to imputed income. This approach tries to match imputed-income cases to comparable cases without imputed income. Unfortunately, the matching procedure did not work well; the results we could achieve were generally similar to our base results.¹⁰ Finally, we also explored the potential to use differential probabilities of imputed income across jurisdictions and judges as an instrument—that is, as a way to estimate the effect of different approaches, independent of

¹⁰The model first estimates the probability of being an imputed-income case, and then uses these probabilities to select matches; excluding cases in which there is not a good match. When the procedure works well, the resulting two groups (those with and without imputed-income orders) are similar. However, the basic models did not converge (that is, too often there was not a match that had a similar probability, using standard tolerances). When we set tolerances larger so that a matched case is easier to find, the resulting two groups (those with and without imputed-income orders) were statistically different on several covariates.

unobserved differences in the other characteristics of the cases.¹¹ However, there is insufficient variation in the use of imputed income across judges and jurisdictions to support its use as an instrument, so we were not able to use that approach. As a result, we present a standard regression analysis, and we acknowledge that the relationships may not be causal.

CONCLUSIONS

The Flexibility, Efficiency, and Modernization in Child Support Programs final rule of December 2016 limits the use of imputed income and default orders, and requires that if a state's guidelines allow for income imputation, the order must take into consideration "the specific circumstances of the noncustodial parent ... to the extent known ..." [45 C.F.R. § 302.56(c)(iii)]. This reflects concerns about the fairness of such orders, as well as concerns that such orders lead to low payments and compliance.

The analysis reported here shows that NCPs with orders based on imputed income and those with default orders pay less child support and have lower levels of compliance. However, the descriptive multivariate analysis suggests that the gaps in both payments and compliance are largely accounted for by differences in observable characteristics. In other words, the evidence suggests that lower payments and compliance are primarily associated with the economic status, family situation, and other characteristics of the case, not with the type of order, *per se*. This implies that avoiding the use of imputed income and default orders will not, on its own,

¹¹We had hoped to find that some judges were much more or less likely to use imputed income, so that we could use this variation as a type of natural experiment. For example, we could then compare outcomes for NCPs who happened to be assigned to judges who were more or less prone to impute income (assuming that assignment to judges was random), rather than directly compare outcomes for NCPs with and without imputed incomes (which raises concerns that imputation is related to other circumstances [e.g., unemployment] that may account for low payments).

substantially increase child support payment levels. On the other hand, if such changes result in lower orders without reducing payments, they will increase compliance.

APPENDIX: PAYMENTS AND COMPLIANCE CONSIDERING WHETHER ORDERS ARE CONSISTENT WITH THE GUIDELINES

This report focuses on child support outcomes of those with imputed-income orders and default orders, two types of orders that often are experienced by low-income NCPs. In this appendix, we show results in which we also consider the relationship of child support outcomes with whether the orders are consistent with the guidelines. (Our measures of consistency with the guidelines follow Hodges and Cook, 2019.) We do this by adding variables denoting whether orders are inconsistent with the guidelines (and, if so, how) to our basic models. This helps us explore whether the relationships we found between child support outcomes and imputed-income orders or default orders are robust to including variables that denote whether orders are too “high” or too “low” (compared to the guidelines).

Appendix Table 1 shows these results. Including variables for the consistency of orders with the guidelines does not change our basic conclusions. That is, imputed-income orders and default orders are associated with lower child support payments and lower compliance, but including other variables makes the relationships much weaker, and, in some cases, undetectable.

Examining the relationship between order levels compared to the guidelines and payments, we find differences between all NCPs and low-income NCPs. For all NCPs, those with orders that are higher than the guideline have higher payments than those with guideline-consistent orders, and those with orders that are lower than the guideline have lower payments. However, those with orders that are higher than the guideline do have lower compliance. These results are quite consistent with our more detailed examination of the “burden” of orders (Hodges, Meyer, and Cancian, 2019), where we find that because child support orders are often collected automatically for those in the formal labor market, increasing orders generally leads to higher payments, though it is also associated with lower compliance.

**Appendix Table 1: Multivariate Analysis of Child Support Payments and Compliance
Includes Consistency with Guidelines**

	All NCPs with Orders				Low-Income NCPs with Orders			
	Payments in First Year		Payments in Second Year		Payments in First Year		Payments in Second Year	
	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err
Imputed Income	-382	279	-377	282	-279***	92	-249**	110
Default Order	-261	371	-248	375	-211*	123	-106	146
Consistency with Guidelines (compared to consistent)								
Unable to Determine	279	285	345	288	188	117	297**	139
Inconsistent - too high	1424***	311	1383***	314	-237	147	-168	176
Inconsistent - too low	-1341***	272	-1205***	276	-263	163	-220	196
N	4,182		4,173		1,634		1,632	

	All NCPs with Orders				Low-Income NCPs with Orders			
	Compliance First Year		Compliance Second Year		Compliance First Year		Compliance Second Year	
	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err	Coeff	Std Err
Imputed Income	-0.081***	0.014	-0.035**	0.015	-0.067***	0.019	-0.022	0.021
Default Order	-0.091***	0.018	-0.124***	0.020	-0.058**	0.025	-0.079***	0.028
Consistency with Guidelines (compared to consistent)								
Unable to Determine	-0.005	0.014	0.002	0.016	-0.001	0.025	0.026	0.027
Inconsistent - too high	-0.039**	0.016	-0.028	0.018	-0.059*	0.031	-0.038	0.035
Inconsistent - too low	-0.017	0.014	-0.029*	0.015	-0.028	0.034	-0.085**	0.038
N	3,966		3,780		1,564		1,488	

Note: Models also include all control variables shown in Table 3 and 4.

*** p < .01; ** p < .05; * p < .10.

The results for low-income NCPs are similar to the results for all NCPs when looking at orders that are lower than the guidelines in that such orders are associated with lower payments and lower compliance (though the results are not always consistent). However, looking at the results for those with orders that are higher than the guidelines, we see different patterns for low-income NCPs than all NCPs. For low-income NCPs, orders that are higher than the guideline are associated with lower payments in the first year (though not the second). Again, this is somewhat consistent with the results of the more detailed analyses in our other research on burdens (Hodges, Meyer, and Cancian, 2019), where we find that low-income NCPs do have somewhat different patterns than all NCPs, and low-income NCPs' payments are less likely to increase with increases in orders (increases in burden).

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