



Factors Associated with Nonpayment of Child Support

Yoonsook Ha, Maria Cancian,
Daniel R. Meyer, Eunhee Han

*Institute for Research on Poverty
University of Wisconsin - Madison*

Paper's Focus

- Policy changes make CS collection routine:
 - automatic withholding when employed
 - ability to track employment changes
- If child support system routine, collection rates should be high.
 - Yet, of fathers with first order in 2000, only 47% pay the full amount in the first year, with only 54% paying the full amount in the third year
- Puzzle: why aren't full collection rates higher?

Some potential reasons

- In prison
- NCP not working (in formal economy)
- NCP changes jobs; takes system time to catch up
- Order changes/issues: if amount father owes increases so that amount to be withheld is over threshold, full withholding will not occur. OR if earnings drop and order doesn't change, full withholding might not occur
- NCP low earnings

Data and sample

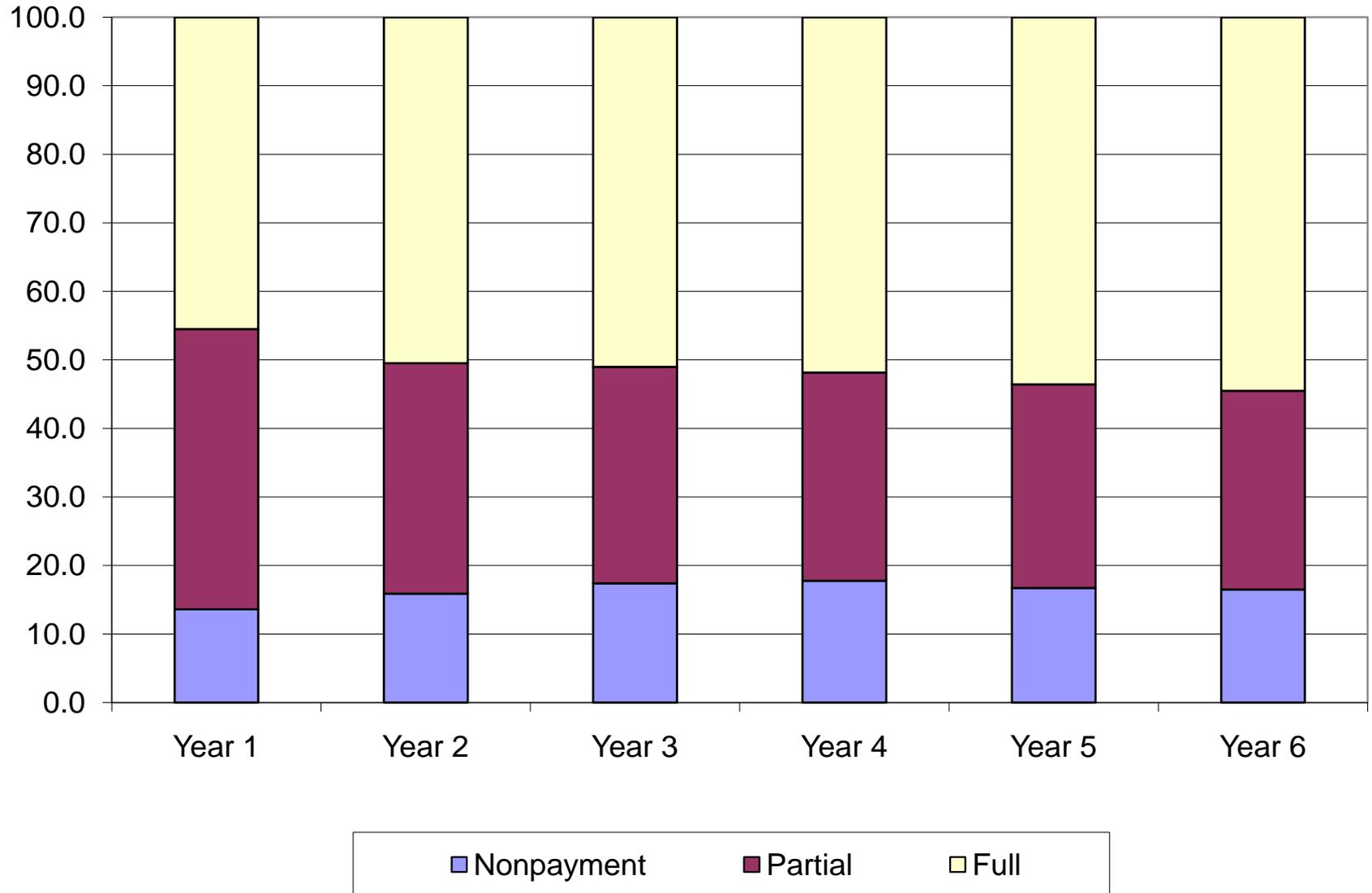
- Data from KIDS, UI, Dept of Corrections
 - Corrections data include only those in Wisconsin prisons – not those in federal prison, those in prison in other states, or those in jail
- Start with 17,223 couples with first order in 2000.
 - Limit to NCF/CM over 6-year period, youngest <18 at end of period, fixed-dollar order, etc., Base sample of N=7849.
 - Look only at those with order throughout the year (N=6533 to 7744, depending on year)

Key variables

- **Order:** only current amounts
- **Payment:** current payments plus payments on arrears
- **Compliance:** payment/order
 - Nonpayment (payment=0)
 - partial payment (<90%)
 - “full” payment ($\geq 90\%$)

Is There a Problem?

Compliance Rates Over Six Years



Can we explain nonpayment? 6 groups of fathers

- Hierarchical groups
 - 1: incarcerated fathers
 - 2: fathers with 0-3 quarters of employment (“unstable” employment)
 - 3: fathers with changes in employers
 - 4: fathers with changes in orders
 - 5: fathers with earnings < \$20,000
 - 6: everybody else

Year 1 Explanations

	Non-payers	Partial Payers
1: Incarcerated	15%	4%
2: 0-3 Quarters employment	78%	54%
3: Changes in employers	3%	24%
4: Changes in orders	2%	5%
5: Earnings < \$20,000	1%	6%
6: Remainder	2%	8%

Year 6 Explanations

	Non-payers	Partial Payers
1: Incarcerated	20%	9%
2: 0-3 Quarters employment	75%	62%
3: Changes in employers	1%	14%
4: Changes in orders	1%	3%
5: Earnings < \$20,000	1%	5%
6: Remainder	2%	7%

Compliance for different combinations, Year 1

- “Best case”

- 4 quarters with earnings
- same employer
- earnings > \$20,000
- no order change
- not incarcerated

- 1% nonpayment
- 14% partial
- 85% full

- “Worst case”

- incarceration

- 55% nonpayment
- 42% partial
- 3% full

Compliance categories in year 1, cont.

Not incarcerated, no order change

Earnings in 4 Q	Same Employer	Earnings > \$20,000	Paid 0	Partial	Full
Yes	Yes	Yes	1%	14%	85%
Yes	Yes	No	3%	47%	50%
Yes	No	Yes	0%	43%	56%
Yes	No	No	3%	82%	15%
No	No	Yes	3%	41%	57%
No	No	No	27%	52%	21%

Conclusion

- Collection generally works when NCP has stable employment; in best case: earnings all 4 quarters, earnings > \$20,000, no employer or order change, 85% pay full
- Over 90% of nonpayers have unstable employment (0-3 quarters) or are incarcerated
- 60-70% of partial payers have unstable employment, but for 15-25% of nonpayers, problem seems to be change in employer (“mind the gap?”)