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# Changing Families, Changing Policy

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Poverty 101 Workshop  
June 12, 2018

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# Acknowledgements

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Research supported by:

Wisconsin Department of Children and Families/Bureau of Child Support (BCS) and U.S. Department of Health and Human Services/Administration for Children and Families

Thanks to colleagues with the IRP Wisconsin DataCore, the UW Survey Center, and Wisconsin State agencies for data access and development and to Vee Yeo for research assistance

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

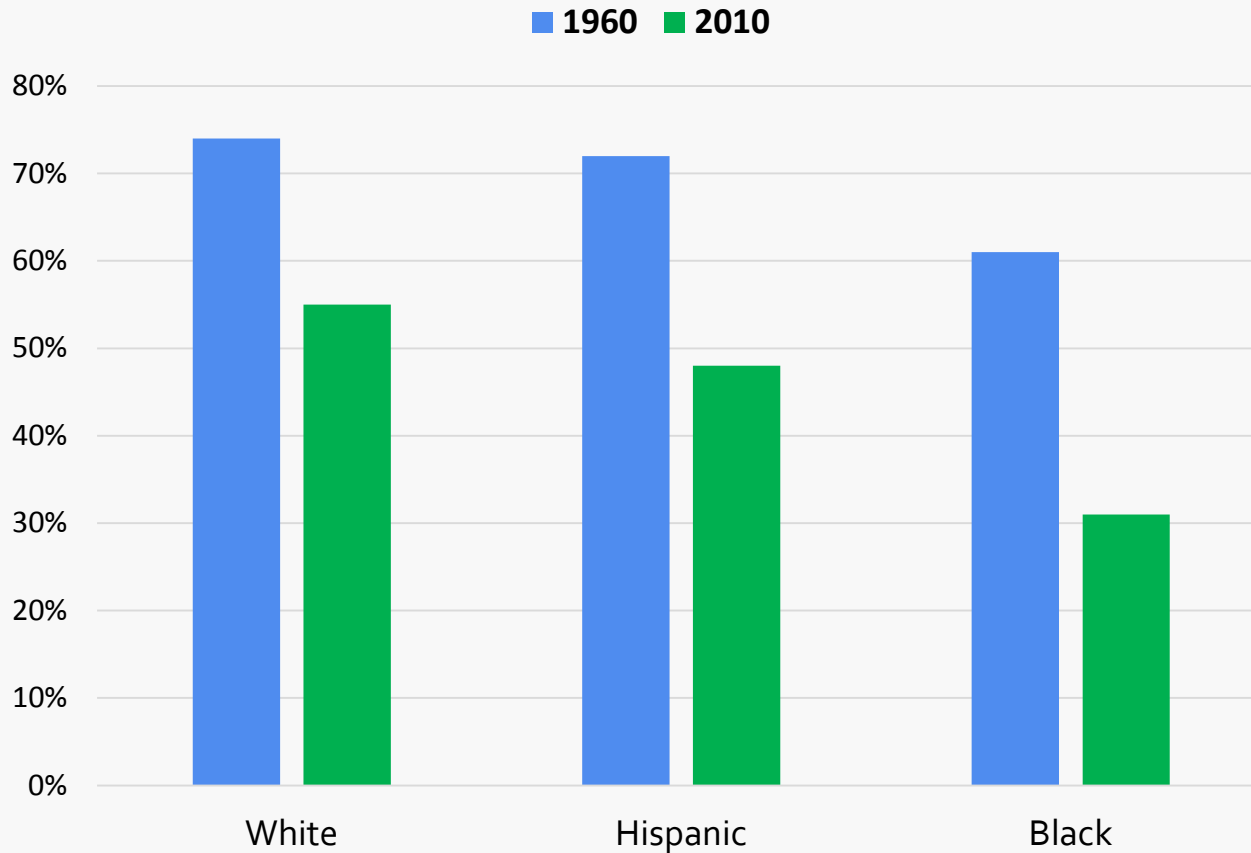
# Outline

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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

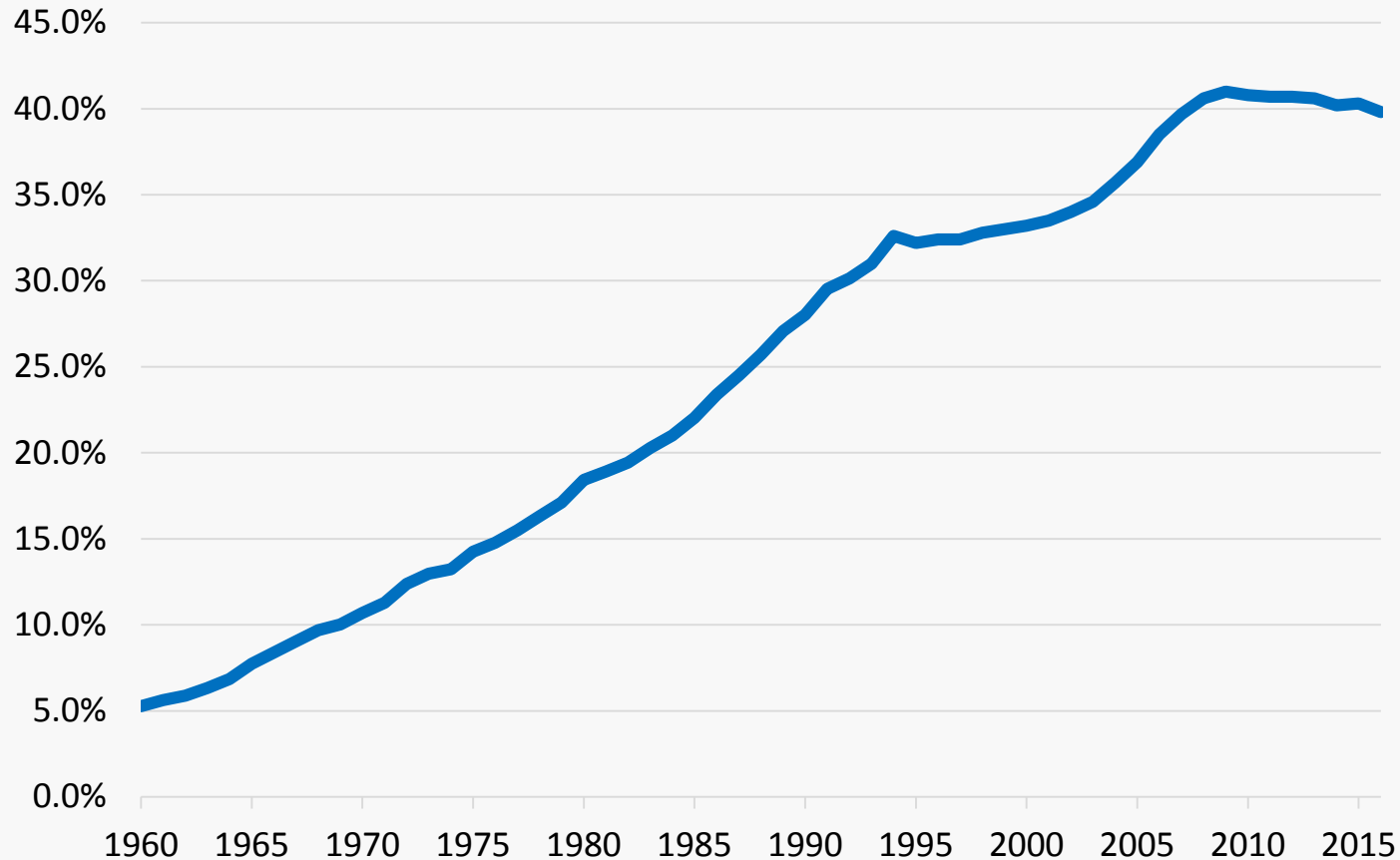
# Fewer Americans are married

Share currently married by race, 1960 and 2010



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

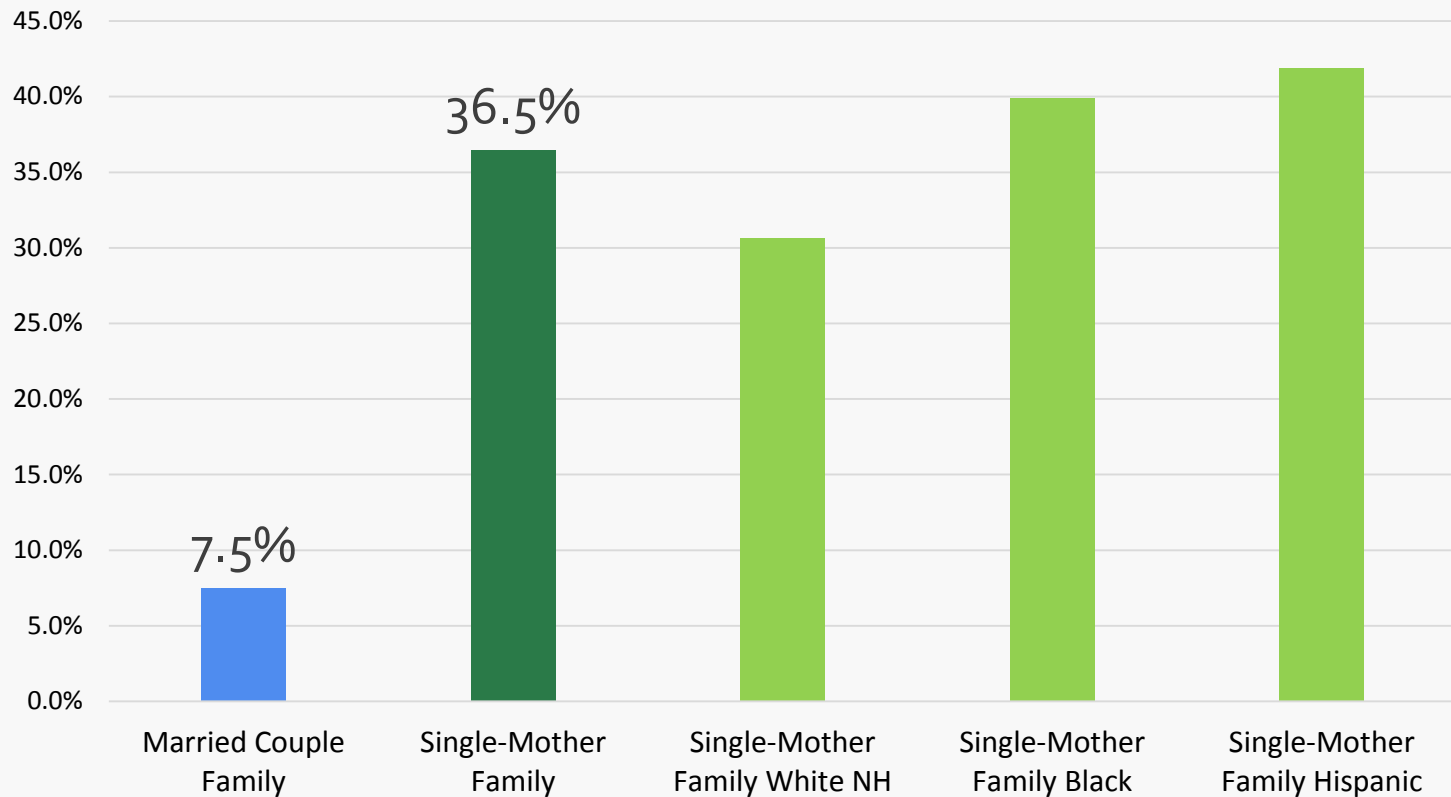
# 40% of American children are born to unmarried parents



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



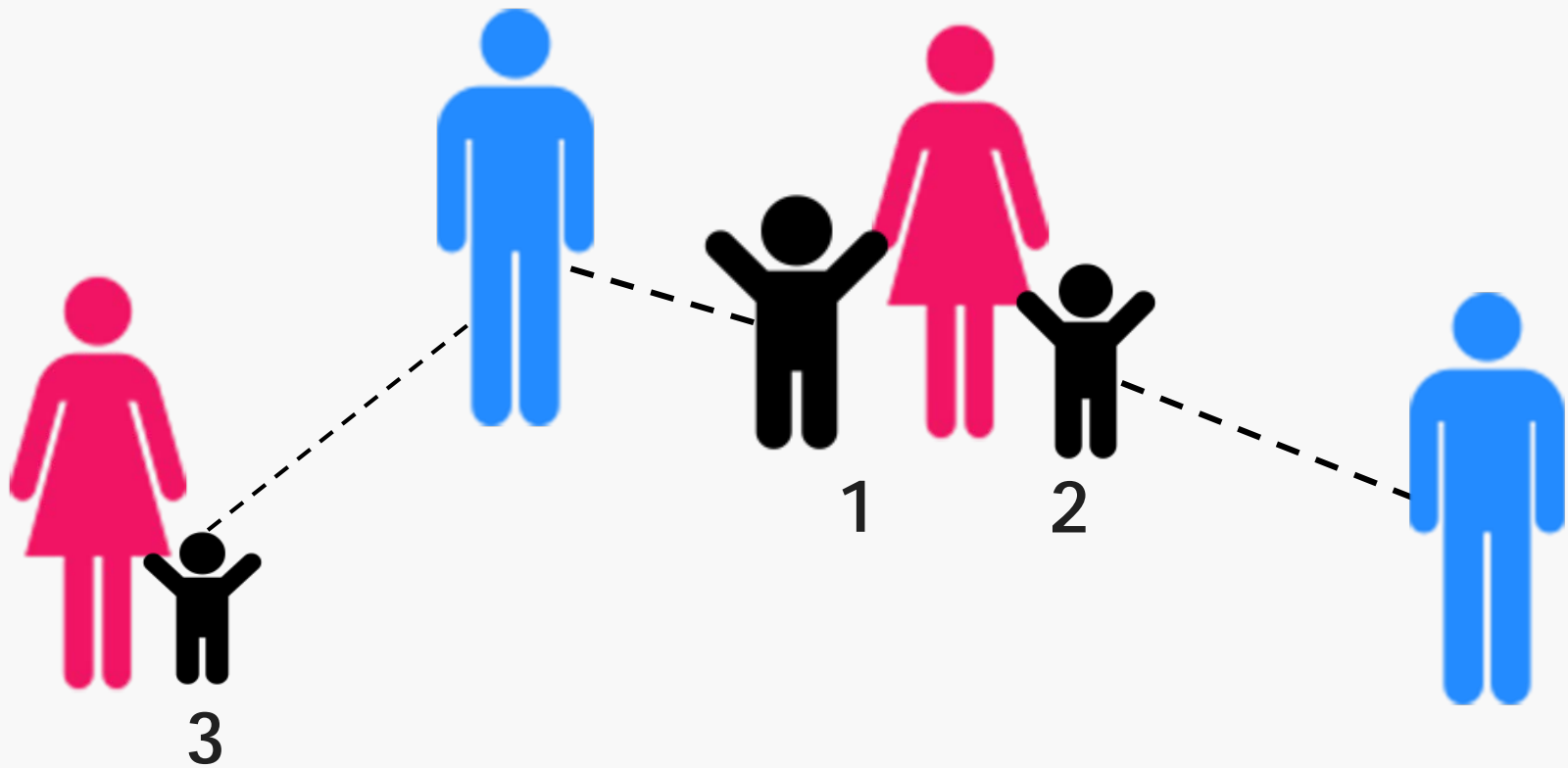
# Children with unmarried parents are likely to be part of complex families

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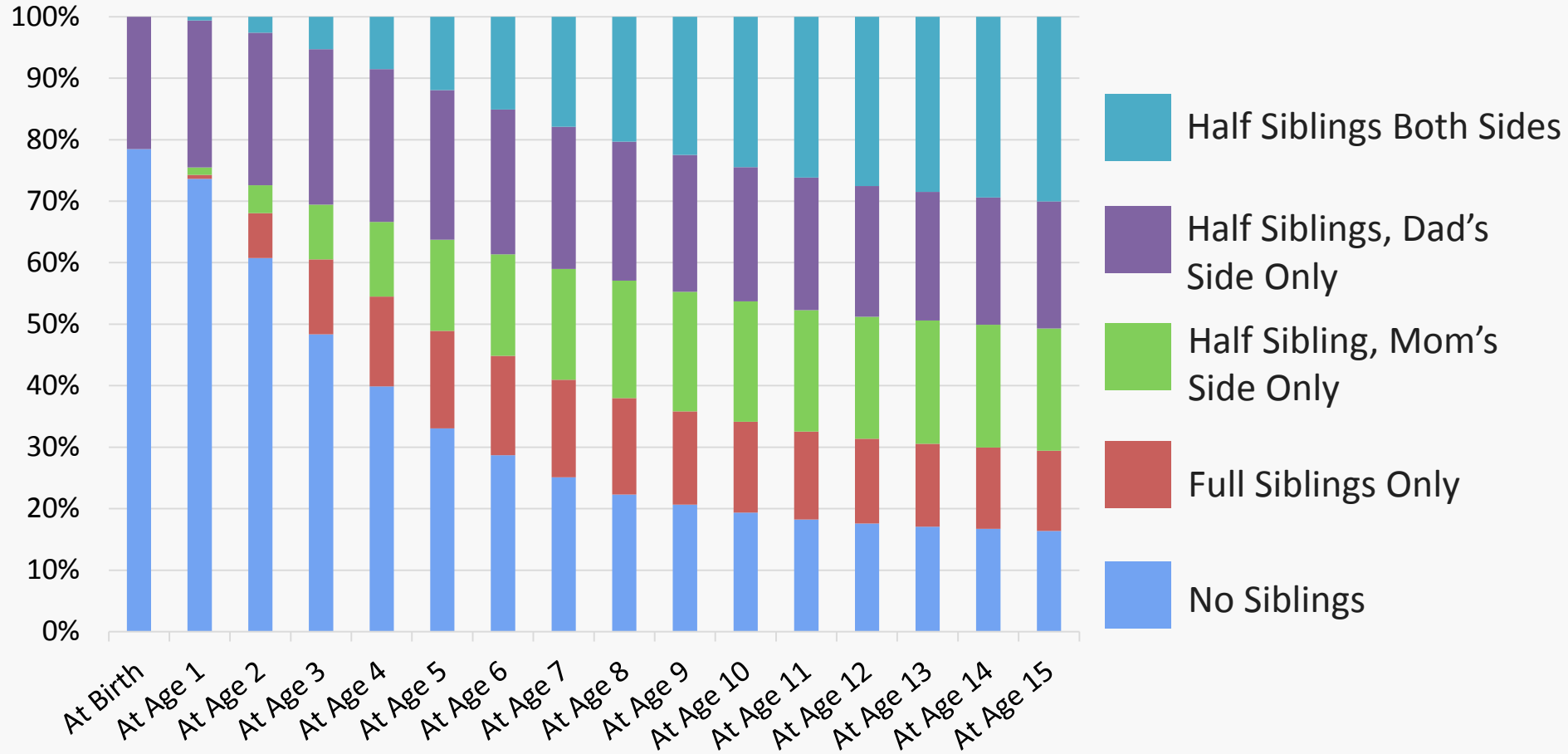
- “Complex families” refers here to parents who have children with multiple partners:
  - Mothers who have children with more than one father
  - Fathers who have children with more than one mother
  - Children who share their mother and/or father with half-siblings
- In the research shown here, we emphasize 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



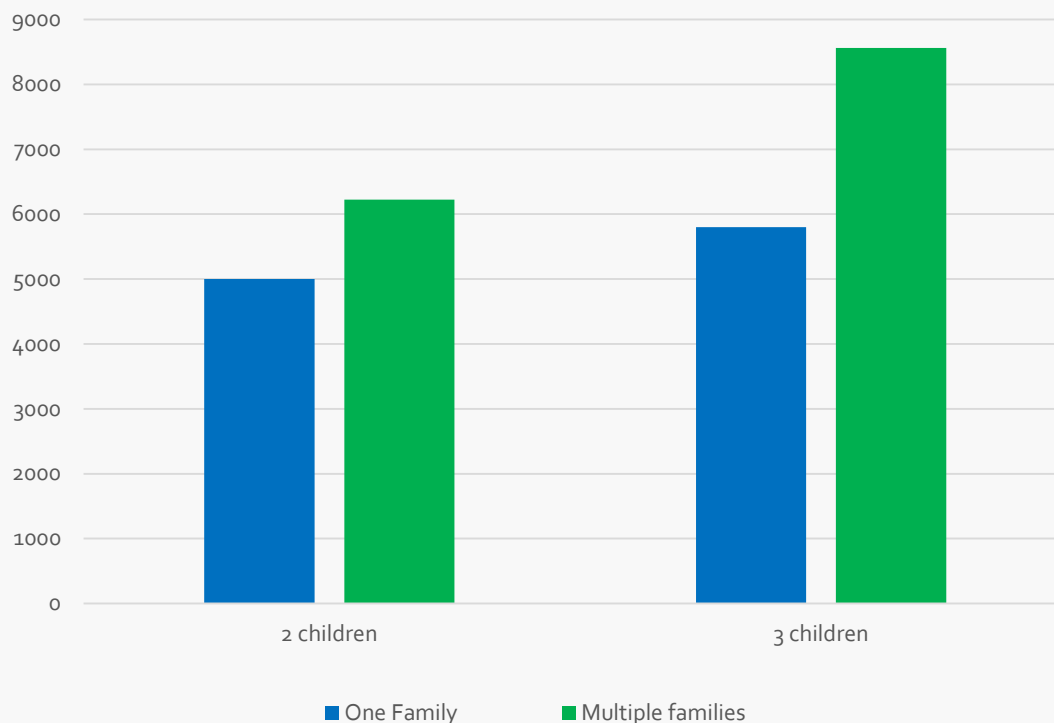
Note: Authors' calculations from Wisconsin administrative data for 1997 cohort

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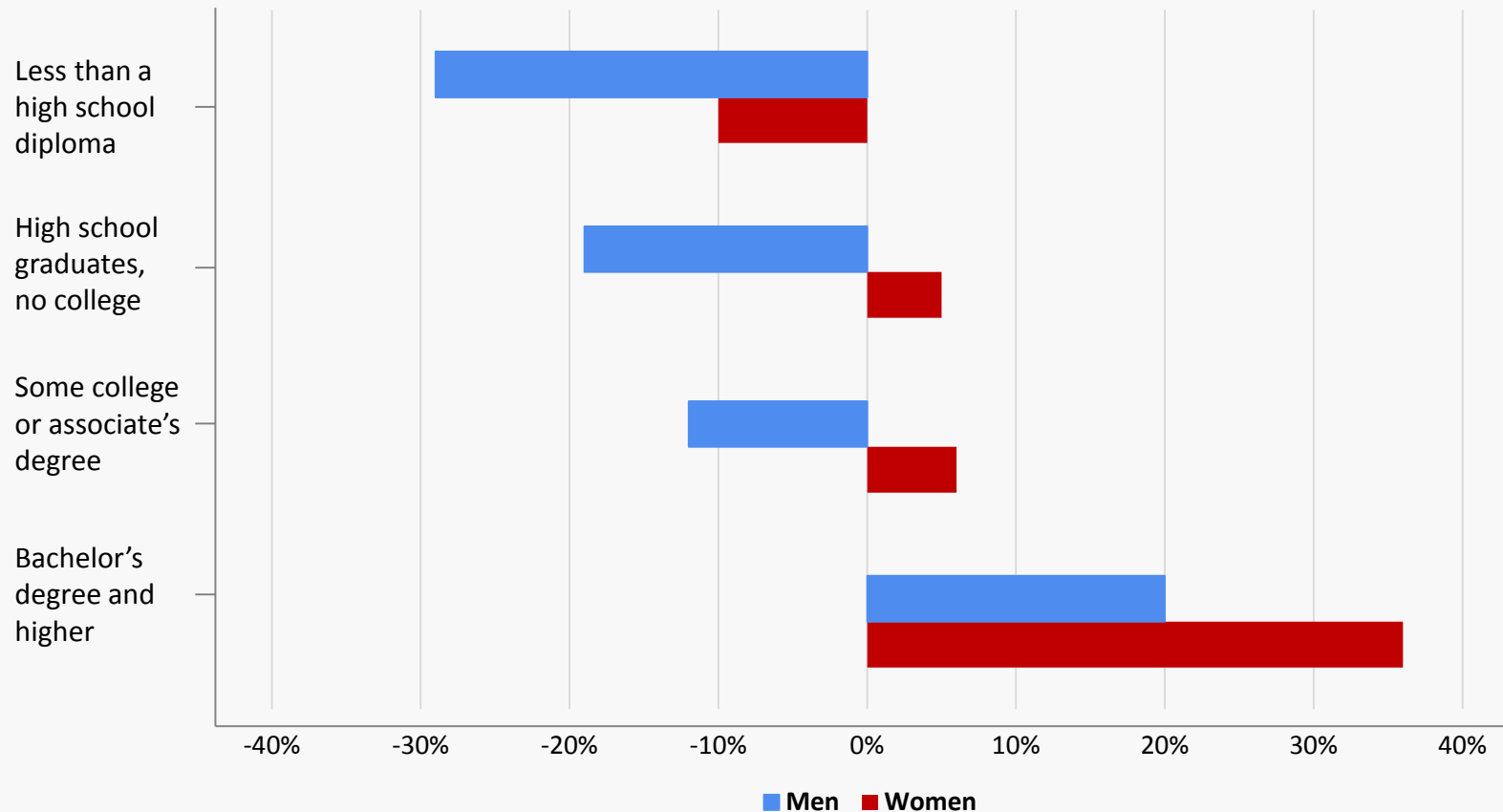
- Many children are born to unmarried parents, and most will come to live in complex families
- Single mothers are often poor; child support is an important potential resource
- But many nonresident fathers are unable to provide adequate support, especially when they have children in multiple families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



# Supplemental Information

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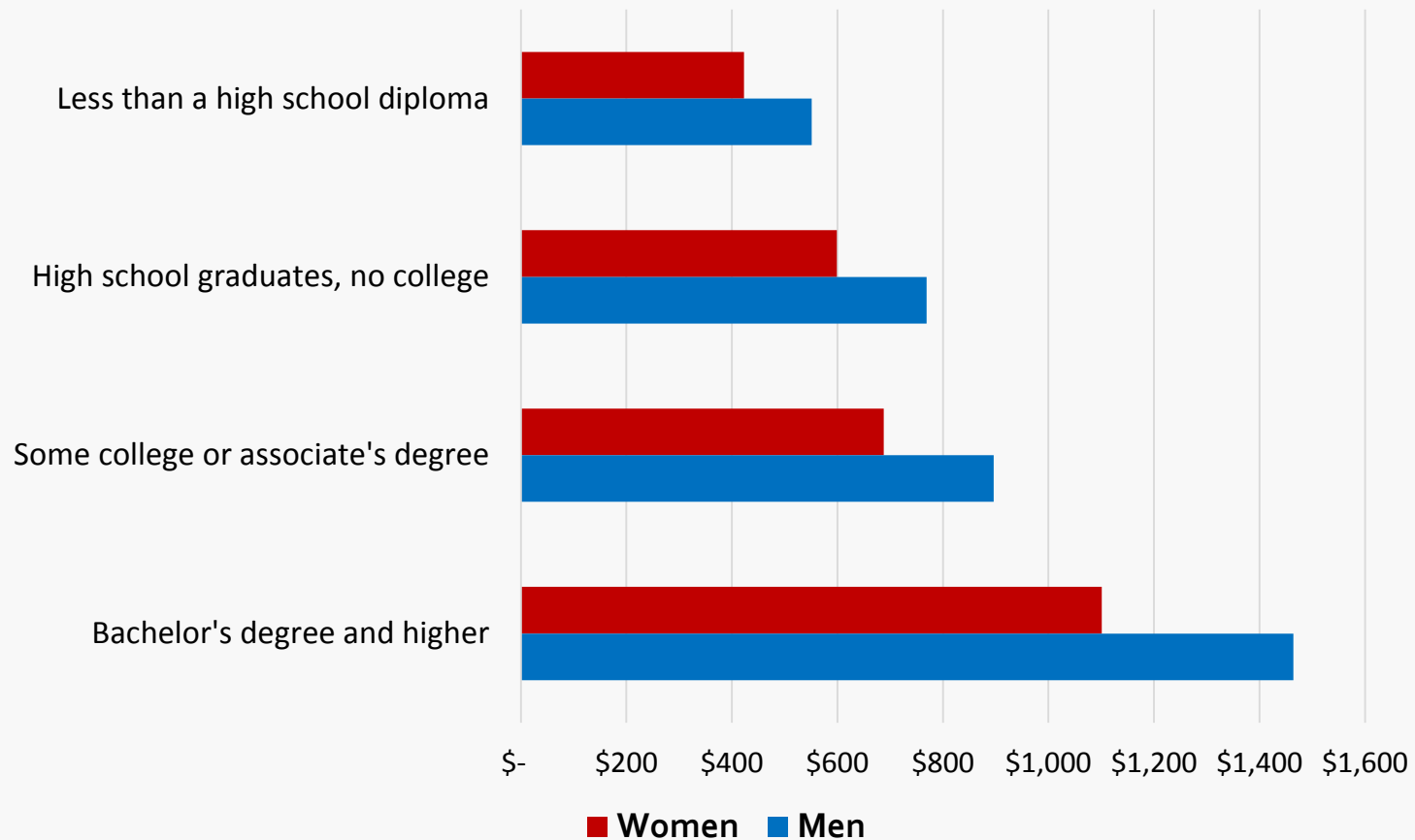
# Men and women's earnings are converging, and less educated men's earnings have fallen



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