The impact of child support laws on the measured outcomes of children
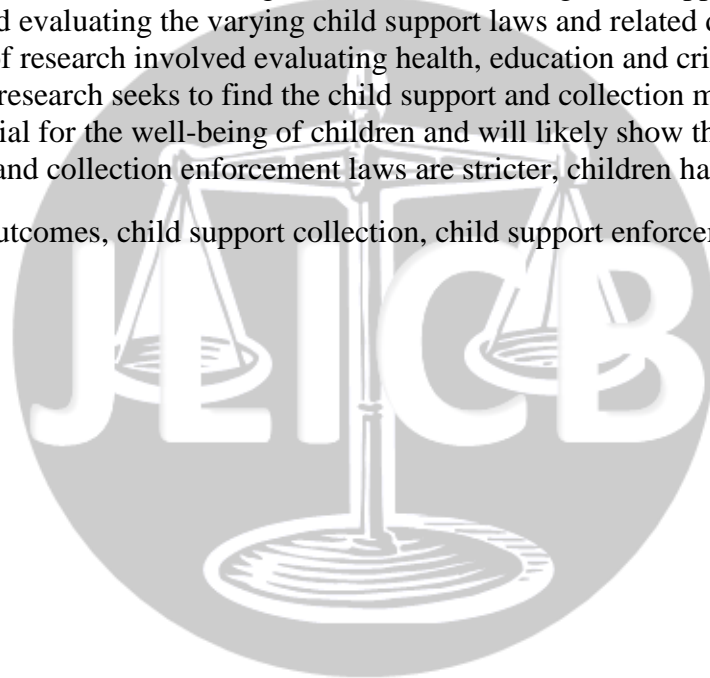
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ABSTRACT

This research examines the link between measured child outcomes and child support laws to ascertain whether children with child support orders are impacted by the child support collection methods and/or the level of rigor utilized in collecting child support. The first phase of research involved evaluating the varying child support laws and related data of each state. The second phase of research involved evaluating health, education and crime data for children in each state. This research seeks to find the child support and collection methodologies that prove more beneficial for the well-being of children and will likely show that in states where child support laws and collection enforcement laws are stricter, children have better outcomes.

Keywords: child outcomes, child support collection, child support enforcement, child support laws

INTRODUCTION

Rationale for the Study

It would seem self-evident that court ordered obligations for a non-custodial parent to pay child support would place the recipient custodial parent and child in a better financial situation provided the non-custodial parent complies with the support order. For example, additional monies received by a single parent would serve as further income to support the household and thereby provide a better upbringing for the children within said household. Therefore, it would seem appropriate that states, when considering the welfare of its minor inhabitants, would ensure that its child support collection and enforcement methods maximized, to the best of its ability, the enforcement of the non-custodial parent's obligation to pay child support.

Child support and its impact on families has been the focus of many studies most of which evaluate the correlation among child support and welfare recipients and the impact of child support obligations on the parent/child relationship. This paper is different in that it looks at the varying laws of each state against the backdrop of the outcomes of the children in the state in an effort to determine if the child support laws of each state impact the outcomes of children and if so, what child support methodology supports better outcomes of children.

This research begins with a brief review of the literature and child support laws. Section III provides the methodology and data collection for this research followed by the results and recommendation for policy changes in sections IV and V, respectively.

LITERATURE REVIEW

In our society, the family structure has changed with the increase of more single parent families. These families are headed mostly by females. To examine this change we begin with the research of Grall (2013) who found that the percentage of children who live outside of both parents almost doubled from 1970. It was further speculated that factors such as family situation, increase a child's poverty, welfare, and inequality (Lerman, 1993).

With most social family problems, it is speculated that an increase in income can lead to better outcomes for the family. For a single parent, one of the ways to gain increase in income is through child support payments, epically when the child is born to a divorced or non marital family structure (Roberts, 1994). If the custodial parent's income was determine by regular payments made based on child support laws, their environment and social situation could be increased to above the poverty line. According to Lerman (1993) there is an increased incentive for those who are on government assistance to seek gainful employment to increase household income. This link between child support and poverty is supported by Grall (2013), who found that 50% of parents do not pay their portion of the child support requirement. They also found that about 1 and 3 parents do not pay child support at all.

Child Support Guidelines:
Income Shares and Percentage of Income

Child support orders are determined by schedules that determine the amount of income which non-custodial parents must pay for any given combination of parental incomes and number of children. Federal law requires each state to have such schedules (called "guidelines"). It is mandatory that the amount of each individual child support award is set as the schedule

specifies, exceptions are made only if the child support award is accompanied by an opinion justifying a departure. Each individual state is responsible for developing its own guidelines for determining child support. Majority of states in the US have preferred a method of income sharing based on both income shares and percentage of income (Garfinkel et al (1994).

Income Shares Formula

Garfinkel et al (1987) suggest that income sharing is based on the fact that each parent is responsible for providing the equivalent income amount as if they were living together. As in their study, the reason for suggesting the different income-sharing model is based on the following reasons. First, it is presumed that it is a much more equable arrangement for both parents and children in the family. Lastly, it is suggested that cost associated with childcare not be considered as a factor of determining the amount.

According to Garfinkel et al (1994), the income shares formula, considers the income of each parents of the child/children. Based on the total amount of income by the parents, there is a proportion/percentage of income determined to insure the child's well being as if both parents were living together in the same household. This proportion as stated earlier will change for parents as their income changes. It is further assumed similar to other payments, that the non-custodial parent pays child support and the custodial parent is assumed to spend that amount on the child (Garfinkel et al., 1994).

Percentage of Income Formula

Different from the income-shared formula, the percentages of income formula uses a stated or prior determined percentage for the non–custodial parent to pay. Regardless of the income of the non-custodial parent, the percentage of income per child will stay the same. The custodial parent is assumed to spend as much or more on the child as the noncustodial parent; however, a custodial parent payment is not calculated. (Bassi et al., 1990).

Incentives to Pay Child Support

Much of the research on child support laws examine the incentive for the custodial and non-custodial parent to participate once child support has been rendered. This line of reasoning follows the model of parents' behavior as a Stackelberg game theory model. This model examines whether the custodial and non-custodial parent will cooperate with welfare laws (Bassi and Lerman, 1996).

According to Roff (2008), custodial parents have conflicting incentives regarding cooperation with child support enforcement and paternity establishment. It is suggested by Roff (2008) they may lose a portion and sometimes all of their benefits for not cooperating with the child support authorities. However, if the custodial parent reports paternity, the parent (non-custodial) may not comply with the child support order. It is further suggested that the custodial parent may not report paternity if this will create a non-harmonious relationship with the other parent. In addition, the non-custodial parent may be willing to pay an increased portion of the required support order outside of the formal arrangement, since the non-custodial parent presumably would prefer that the child receive his payment rather than the state.

Other researchers have noted these conflicting incentive effects (Edin, 1994; Bassi and Lerman, 1996; Johnson et al. 1999; Waller and Plotnick, 2001). The research of Waller and

Plotnick (2001) finds that parents from low income areas do not comply with child support authorities because they find the treatment unfair due to the high awards, jail time, etc. Bassi and Lerman (1996) shows how parents are more willing to participate in the underground economy and make more informal payments. This line of reasoning indicates the increase willingness to participate in risky behavior.

Other papers have focused well-being of parents and children being impacted by the different reform policies present. Bartfeld (2000), Meyer (1998), and Nichols-Casebolt (1986) find that increasing child support substantially improves the economic status of the mother and child. They also find that there is only a minimum adverse effect on the economic well being of the father. Simulating the impact of a perfectly enforced child support law, Del Boca and Ribero (2001) finds that increase or higher payments result in a definite welfare gain for the mother but welfare loss for the father. Based on the previous literature, the research question posed in this paper examines what effect does state policies and laws have on the outcomes of children?

Research Hypotheses

There are two hypotheses being tested in this study. Hypothesis #1: Children whose families have more money have better outcomes. Hypothesis #2: In states where failure to pay child support results in harsher punishment, said states have better compliance with child support orders.

METHODOLOGY

To the extent that an increase in income leads to better health and educational outcomes, and the extent to which stricter laws lead to better compliance; one can expect the link between stricter laws to lead to better income compliance Løken, Mogstad, and Wiswall (2010) shows a positive relationship between income and child intelligence but their study suggests this relationship diminishes when examining high income families. Furthermore, the links between compliance and strictness of laws have been thoroughly examined in criminal literature, most notably with gun laws as seen by the works of Malcom (2003) and Stell (2004). Also, the research of Hill et. al. (2013) suggests behavior changes when risk are increase for individual. In their research they found risk associated with the strictness of religion increases the individual use of preventive measure to deter getting caught by their peers. It is also suggested that increase risk can be attributed to decrease in criminal activity (Hill et al, 2012). This research will merge both theories and tests the effects of stricter laws and children outcome. Therefore, in states where the laws are strict for child support, the expected outcome for child health and education should be higher than those with less strenuous laws.

The following data consists of child support methodology, enforcement data and child outcomes for each U.S. state. The variables that will be used in this study are Interest (a binary variable that measures whether the state has imposes interest to each missed child support payment), Amount18 (The total amount due per population 18 and under), Age (variable that indicates the age for the last child support payment), Offense (a count variable that indicates whether failure to pay child support is nothing, misdemeanor or felony), Payment (a binary variables that represents whether it is income share or percent of income), Maximum (variable that indicates the dollar amount of the maximum fine for failure to pay child support),

Overweight and Obesity rates (are variables that indicate the health of children per state), Arrears (total amount of Arrears per state), Case (Total amount of cases on child support per state), Population (Total Population per state), Population18 (Total population 18 and under) Graduation (variables that indicates the state's high school graduation rate), Graduation(Economic) (variables that indicates the state's high school graduation rate for student deemed economically challenged.) and Income (variable of the per capita income per state).

   To estimate the effect of strictness of laws on compliance by individuals, this research uses the following models:

   (1) Arrears = f(Age, Interest, Misdemeanor, Maximum, Income)
   (2) Case = f(Age, Interest, Misdemeanor, Maximum, Income)

   To estimate the influence of these laws on the education and health outcomes of children, this research uses the following model:

   (3) Graduation = f(Age, Interest, Misdemeanor, Maximum, Income)
   (4) Obesity Rates = f(Age, Interest, Misdemeanor, Maximum, Income)
   (5) Overweight rates = f(Age, Interest, Misdemeanor, Maximum, Income)

The data was collected from the census, department of education, and department of justice for 2012. This research will use OLS regression methods to test the relationship of equations (1) thru (5).

RESULTS

   As indicated in Table 1 (Appendix), Table 1 provides the summary statistics for the 50 sample states in this research. The average income is approximately $43,000. It can also be seen that the number of children overweight and obese is approximate 15%. With respect to the child support caseloads, about 1 in every 4 has a case with about $1362 arrears per child under 18. The amount of Arrears per population is about $324. Also, the amount due per child per state averages around $500 per child. Lastly, it can be seen that graduation rates drop form 75% to 67% when considering the disadvantaged economic group.

   As indicated in Table 2 (Appendix), Table 2 presents the regression analysis for Arrears and Caseloads for the states in the sample. It is adjusted for both the population and the population under 18. It is from this analysis that we should be able to test the validity of the level of compliance on the seriousness of the penalty. It is expected to have an inverse relationship. It can be gleamed from the regression for Arrears and Arrears18, that none of the variables that measure strictness of laws are statistically significant except for Interest. Interest is expected to be positively related to arrears because the amount that is in arrears increases as interest is present. Although not significant, Age and Maximum have the expected sign that is expected for Arrears and for Arrears18 all variables have the expected sign. This suggests the impact on reducing the amount of arrears is correlated with stricter penalty.

   When estimating Case and Case18, once again, none of the variables are statistically significant. However, Maximum and Interest do have the expected sign. Based on this regression, and the correlation between the variable, the link between compliance and strictness of laws shows a relationship that can substantiate the theory present.

As indicated in Table 3 (Appendix), Table 3 presents the regression results for the Education and Health measure of the youth per state. First, for education measure, only per capita income is statistically significant for the education measure. This validates the link of income in an area and better rates of graduation. The variable Maximum, Offense, Interest and Per Capita Income do have the expected sign except for regression. With respect to the Health measure, it is shown that these laws have an effect on the obesity rate per state. There is statistically significant result for Maximum, Per Capita and Payment on obesity rates. This suggests that laws do impact extreme health related factors for youth. However, the impact of minimum health related issues are not sensitive to child support laws.

Recommendations for Further Research

The best approach for future research would be a multiple interrupted time-series design conducted over several years with three experimental groups: one a group of parents who receive child support from non-custodial parents; a second group of parents who have child support orders but do not receive child support, and, lastly, a group of parents who elect not to obtain formal child support arrangements. A questionnaire seeking answers to lifestyle type questions could be provided to each group to better determine if poor child outcomes may be attributable to lifestyle choices independent of the receipt of child support, or lack thereof, and if so, to what extent.

RECOMMENDATIONS

As evidenced by some of the supporting literature for this article, the debate for child support reform is a long-standing issue in that much of the data remains unchanged and many of the arguments in support of reform remain the same. In keeping with the findings in this article, the child support program should undergo universal reform encompassing the findings that more income leads to better outcomes for children and stricter child support laws lead to better compliance. As such, reform should be vast and sweeping and should focus on reform that improves the outcomes of children. Efforts at reform should begin with eliminating "incentives" to the creation of broken homes and find ways to utilize the child support program to reduce poverty.

One of the most pressing areas in need of reform is the elimination of the "norm" within child support proceedings such that a rebuttable presumption is made that the mother is the most suitable parent to have physical custody of the child(ren). In doing so, the system may start to resemble a program that is set-up to place the child(ren) in the position that is in said child(ren)'s best interest. Further, courts should defer to joint custody type arrangements so that children will have a better chance of having both parents in their lives. Studies have shown times over that children benefit from having their fathers (or a father figure) in their lives. Only until this type of reform takes place, the child support system will continue to reflect a system set-up to incentivize broken homes in favor of the mother.

Next, following the finding that more income leads to better outcomes, child support reform should reflect ways to ensure that monies collected for child support are maximized and that the support funds are used for the betterment of the child. As mentioned, there are two general formulas to establish child support. One of which uses the income of both parents and the other that looks solely to the income of the non-custodial parent. Reform should reflect a more universal approach that seeks to establish the needs of the child notwithstanding the income

of the parents. In doing so, parents will be more apt to strive for better so that the needs of the child are met as opposed to opting to work jobs that are paid "under the table" in an effort to pay the least amount possible. Further, currently, the custodial parent has no obligation to spend the monies obtained for child support on the child(ren). Instead, child support is a way to allow the mother to maintain a standard of living comparable to that of the father's. Child support reform should reflect ways to incentivize better choices being made for the children, as this alone could have a substantial impact on their outcomes. As the system is now, there is no penalty for the custodial parent that does not spend support payments on the child. That is a fatal flaw. Only until child support laws reflect a system that promotes the parental/child relationship, the cycle of brokenness, inequality, and poverty will continue.

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APPENDIX A

Table 1 Summary Statistic

	mean	sd	Min	max
Population	6162.876	6848.235	563.626	37253.96
Population18	1481.613	1694.295	129.233	9295.04
Case18	.223177	.0735613	.1007431	.4324662
Case	.0530357	.0175458	.0262725	.1101177
Arrears	324.4183	131.1942	77.46819	813.8547
Arrears18	1362.401	534.4501	352.4268	3084.806
Per Capital	43774.68	6560.239	34478	60847
Age	19	1.069045	18	22
Offense	1.62	.6023762	0	2
Maximum	7512	15725.24	0	100000
Payment	.76	.4314191	0	1
Graduation	75.42	20.15865	0	89
Graduation (Economic)	66.84	18.28835	0	85
Overweight	15.502	1.994532	10.5	20.4
Obesity	15.198	3.208757	9.9	21.7
Interest	.54	.5034574	0	1
Amount18	495.2298	296.4029	254.6781	2403.778
N	50			

Table 2: Regression Analysis of Impact on Child Support payments

	(1)	(2)	(3)	(4)
	Arrears	Arrears18	Case	Case18
Maximum	-0.001	-0.002	-0.000	-0.000
	(0.00)	(0.01)	(0.00)	(0.00)
Offense	0.677	-48.253	0.005	0.014
	(31.55)	(129.76)	(0.00)	(0.02)
Age	-12.636	-40.366	0.001	0.006
	(18.47)	(75.95)	(0.00)	(0.01)
Interest	68.682*	244.013	0.001	-0.001
	(38.06)	(156.54)	(0.01)	(0.02)
Constant	530.311	2087.121	0.021	0.095
	(354.32)	(1457.38)	(0.05)	(0.20)
N	50	50	50	50
R^2	0.076	0.058	0.033	0.017

Standard errors in parentheses

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

Table 3: Regression Analysis of Impact on Health and Educational Outcomes

	(1)	(2)	(3)	(4)
	Total Graduation	Graduation Economically Challenged	Overweight	Obesity
Maximum	0.000	0.000	-0.000	-0.000*
	(0.00)	(0.00)	(0.00)	(0.00)
Offense	-5.568	-5.730	-0.217	-0.001
	(5.10)	(4.76)	(0.51)	(0.73)
Age	-0.438	-0.294	0.366	-0.205
	(2.86)	(2.67)	(0.29)	(0.41)
Interest	2.394	0.283	0.513	-0.734
	(5.99)	(5.58)	(0.60)	(0.86)
Per Capita	0.001*	0.001	-0.000	-0.000***
	(0.00)	(0.00)	(0.00)	(0.00)
Amount18	-0.000	0.000	0.000	0.000
	(0.00)	(0.00)	(0.00)	(0.00)
Payment	-4.250	-5.232	-0.729	-2.201**

	(7.04)	(6.56)	(0.71)	(1.01)
_cons	55.929	62.713	10.748*	31.092***
	(60.67)	(56.54)	(6.12)	(8.71)
N	50	50	50	50
R^2	0.142	0.095	0.109	0.303

Standard errors in parentheses

* p<.10, ** p<.05, *** p<.01