



# Child poverty and child support policy: A comparative analysis of Colombia and the United States



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## ABSTRACT

Child support may merely reshuffle poverty, reducing child poverty among families who receive it at the expense of the economic well-being of children living with a nonresident parent. Our study examines child support's effects on child poverty, considering those who pay child support and those who receive child support, and doing so in Colombia and the United States (U.S.). We use data from the Colombian Longitudinal Survey ( $N = 13,036$ ) and the U.S. Current Population Survey ( $N = 53,480$ ). Our findings show that the antipoverty effectiveness of child support among resident parent families is larger in Colombia than in the U.S. Child support payments do increase child poverty among children living in payer families in both countries, but the effects are fairly small. In our base models, 6%–9% of children in nonresident parent families are falling into poverty after child support payments are transferred to other families. Overall, child support receipts decrease poverty to a greater extent than child support payments increase it among children.

## 1. Introduction

Child support from a nonresident parent (NRP) is an important policy area given the high poverty experienced by children living with only one of their parents (the resident parent, or RP) and limitations and cutbacks on governmental support for families. A substantial amount of child support research has been conducted (Huang & Han, 2012; Pirog & Ziolo-Guest, 2006); we have begun to understand some of the child support policy schemes in use across countries (e.g., Meyer & Skinner, 2016; Meyer, Skinner, & Davidson, 2011; Skinner & Davidson, 2009), the importance of child support for economic well-being among resident-parent families (e.g., Cuesta & Meyer, 2014; Hakovirta, 2011; OECD, 2011; Skinner & Meyer, 2006; Sorensen, 2016), and whether child support receipt is associated with lower poverty among children living with RPs (e.g., Bartfeld, 2000; Cuesta & Meyer, 2014; Hakovirta, 2011; Meyer & Hu, 1999; Nichols-Casebolt, 1986; Skinner, Cook, & Sinclair, 2017a).

The research examining the relationship between child support receipt and child poverty follows the traditional method for examining the antipoverty effectiveness of an income source by comparing poverty rates when child support is or is not included in income. But the method is better suited to an examination of government transfers, not child support. Child support is not money from the government, but money from another parent (the NRP). This means that child support may

actually increase poverty among those who pay, even as it decreases poverty among those who receive. Those paying may have children living with them, so a complete accounting of the relationship between child support and child poverty needs to examine the economic well-being of those in families that pay as well as those in families that receive.

The focus on children in RP families is understandable and stems from the fact that historically most children have stayed with their mothers after their parents' separate or divorce (Buehler & Gerard, 1995) and that women are more likely than men to experience poverty or income declines following marital dissolution (e.g., Bartfeld, 2000; Bianchi, Subaiya, & Kahn, 1999; Devaus, Gray, Qu, & Stanton, 2015). A recent analysis for countries in the Organization for Economic Co-operation and Development (OECD) shows that 85% of sole-parent households were headed by women in 2010 (OECD, 2010). Yet, several countries are experiencing significant transformations in union formation and union dissolution, re-partnering, and childbearing across partnerships (e.g., Thomson, Lappégard, Carlson, Evans, & Gray, 2014). These demographic changes have increased the number of parents rearing biological and step-children across multiple families and, as a result, a large number of children are sharing parents' time and money with step-siblings and or half-siblings in a number of countries (Cancian, Meyer, & Cook, 2011a; Carlson & Furstenberg, 2006; Thomson et al., 2014). Estimates from the United States (U.S.) are that

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33–40% of non-resident fathers are living with resident children, primarily their biological children, although step-children are also common (Garfinkel, McLanahan, & Hanson, 1998a; Manning & Smock, 2000). When NRPs have co-resident children as well as nonresident children, this highlights the possibility that child support merely reshuffles poverty, reducing child poverty among families who receive it at the expense of the economic well-being of children living in NRP families.

There are two gaps in the extant literature that we address in this study. First, we know little about the relationship between child support and the poverty of all children, including those living with a NRP as well as those living with an RP. A second gap is that most of the previous literature is focused on a few rich countries (e.g., Hakovirta, 2011; OECD, 2011), with relatively little work on developing countries. We examine child support's effects on child poverty, considering those who pay child support and those who receive child support, and doing so in Colombia and the U.S. The specific aims of the study are: (1) to examine the extent to which families with children rely on earnings, child support, and other income sources, and whether child support payments represent a significant nondiscretionary expenditure for these families; (2) to estimate the antipoverty effectiveness of child support after considering both child support receipt and child support payments; and (3) to examine the extent to which those already poor have their poverty gap increase by paying child support. To answer these questions we use standard methods adapted to include paying support. We answer each question in Colombia and the U.S. separately, comparing the responses.

## 2. Country context

### 2.1. Selected demographic trends in Colombia and the U.S.

Like most countries in Latin America, cohabiting unions are very common in Colombia (Esteve et al., 2012; Profamilia, 2016). Given the low prevalence of marriage, it is not surprising that in 2010, 84% of children were born to unmarried women (Child Trends, 2015). While divorce rates have remained at a 14% low over the past decade (Profamilia, 2016), a recent study finds the type of family with children that exhibited the highest growth rate between 1997 and 2008 were repartnered-mother families (i.e., families in which there was a mother, a mother's new spouse or partner and at least one child whose father is alive but living somewhere else) (Cuesta & Meyer, 2014). Some of the new partners may have children elsewhere that they are supporting, so increases to the economic well-being of their old family may come at the expense of their new family. Unfortunately there are no national estimates of re-partnering or the extent to which nonresident parents have resident children as well as nonresident children.

In the U.S., family change has been driven by dramatic transformations in union formation, union dissolution, and fertility. While marriage is more prevalent in the U.S. than it is in Colombia, the proportion of married-couple households has dropped systematically since 1960 and represented less than half of all U.S. households in 2014 (Jacobsen, Mather, & Dupuis, 2012); this decline in marriage has been accompanied by a significant increase in cohabitation (Kroeger & Smock, 2014). One distinctive feature of cohabiting unions in the U.S. is that they tend to be short-lived (Andersson, Thomson, & Duntava, 2017); because the divorce rate has remained fairly stable over the past three decades, most of the union instability seen in the U.S. in recent decades comes from cohabitation disruption. Another significant demographic trend observed in this country is the dramatic increase in non-marital births: non-marital births rose from 10.7% of births in 1970 to 40.1% in 2015 (Martin, Hamilton, Osterman, Driscoll, & Mathews, 2017). The combination of union instability and re-partnering has ultimately increased childbearing across partnerships (Thomson et al., 2014), and the United States has one of the highest rates of parental re-partnering among developed countries (Andersson et al., 2017).

### 2.2. Poverty trends in Colombia and the U.S.

Colombians have experienced a significant improvement in their economic well-being over the past two decades. The national poverty rate dropped from 49.7% in 2002 to 28% in 2016 (DANE, 2016). This decline has been linked to a positive economic environment (Barrientos, Ramírez, & Tabares, 2015; UNDP, 2016) and the expansion of the social safety net (Fiszbein & Schady, 2009). However, differences in poverty rates by location persist and Colombians living in rural areas are more likely to be poor (38.6%) than those residing in urban districts (24.6%) (DANE, 2016). Differences by household composition and family structure are also significant. In 2016, the poverty rate among families with three or more children under 12 years old was 66.7%, and among families with two children was 40.7% (DANE, 2016). A recent study that estimated the impact of family change on income poverty also finds that almost half of single-mother families (49.5%) were poor in 2012 while the poverty rate among married-couple families was 30% (Cuesta, Rios-Salas, & Meyer, 2017).

While significantly lower than the rates observed in Colombia during the same period of time, the official poverty rates in the U.S. rose from 11.7% in 2001 to 15% in 2011. This increase was one of the various consequences of the severe recession that Americans experienced during the late 2000s. However, this upward trend was followed by a recovery; in 2016, the poverty rate was 12.7% (Semega, Fontenot, & Kollar, 2017). Poverty in the U.S. is still higher than pre-recession levels and is higher than in most OECD countries. Based on a poverty threshold set at 50% of the median income, the OECD estimates that 17.2% of all Americans were living in poverty in 2013 (OECD, 2017). The same analysis also shows that American children are faring worse than children in other developed countries: one in every five American children were living in poverty in 2013 (OECD, 2017). Differences by race and family structure are also particularly significant in the U.S. In 2015, the poverty rate among African Americans was more than twice (22.0%) that of non-Hispanic Whites (8.8%) and the percentage of single-mother families in poverty was more than twice the rate observed in the general population (Semega et al., 2017).

Given the high poverty rate experienced by single-parent families in Colombia and the United States, child support policy has the potential to improve the economic well-being of children living in single-parent families in both countries. However, neither of these countries has an explicit antipoverty agenda in their child support policy schemes. An exception that we discuss further in the next section of the paper is that RPs receiving public assistance in the U.S. are required to cooperate with the child support system. While this could lead to a focus on poverty reduction, instead the focus is generally on recovering public costs (Skinner, Meyer, Cook, & Fletcher, 2017b).

### 2.3. The child support policy schemes in Colombia and the U.S.

The Colombian child support policy scheme has evolved from an adversarial model in which family courts were the main actors of the system to a mediation model that involves three institutions, the judicial system, a government agency called the National Institute of Family Well-being, and local governments. If the parents were married, child support arrangements are generally made through legal divorce proceedings. If the child was born to an unmarried woman, she can initiate action privately or work with the National Institute of Family Well-being or a family court. Private arrangements are enforceable by the child support system although as we discuss below, Colombia does not have the type of enforcement mechanisms that we observe in developed countries like the U.S. More information on the Colombian child support system can be found in Cuesta and Meyer (2012). Here we provide a brief overview.

The child support system does not intervene unless the RP explicitly requests assistance. The National Institute of Family Well-Being provides free services but these are not available in all areas. The child

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