



Patterns of child support debt accumulation[☆]

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ABSTRACT

Despite efforts to strengthen child support enforcement over the past decades, the level of unpaid child support remains high. High child support arrears create problems for families and states; however, our understanding of how arrears accumulate is limited. Using longitudinal data from Wisconsin administrative records for noncustodial fathers, this article examines patterns of the evolution of child support arrears. We develop a scheme to categorize long-term arrears changes and identify six typical trajectories of arrears evolution that distinguish the timing and pattern of changes in debt. We conclude with the implications of the results for child support policy and research.

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1. Introduction

When children live with only one biological parent, the noncustodial parent is usually required to pay child support to the custodial parent to contribute to child-rearing expenses. Child support enforcement has been strengthened and routinized over the past decades at the federal and state levels (Huang & Han, 2012). Nonetheless, the level of unpaid child support remains high: statistics reported by the Office of Child Support Enforcement (OCSE) show that as of the end of 2012, the total amount of child support arrears due nationally was \$114.6 billion and the average amount per case with arrears was about \$10,000 (OCSE, 2013). Child support arrears have been increasing since the national child support program began in 1975 (Sorensen, Sousa, & Schaner, 2007). Because arrears generally arise from child support obligations ordered as a result of public policies aimed at supporting children, they differ from many other forms of debt and are of particular policy relevance.

High child support arrears are recognized as a major policy problem for families and for the child support enforcement system. When child support is not paid and arrears accumulate, children in

custodial-parent families are not receiving reliable financial support and noncustodial parents are subject to enforcement actions including suspension of a driver's license or even incarceration, while facing significant interest charges on the arrears. Research also suggests that child support arrears may exacerbate future hardships for families by reducing noncustodial parents' subsequent compliance with ongoing child support obligations and discouraging noncustodial parents' employment (Bartfeld, 2005; Bartfeld & Meyer, 2003; Cancian, Heinrich, & Chung, 2013; Miller & Mincy, 2012; Pate, 2010; Waller & Plotnick, 2001). The persistence of high child support arrears creates significant problems for states as well, because addressing arrears requires a substantial amount of child support enforcement resources, and low payment rates on arrears reduce state scores on federal performance measures, leading to lower incentive payments from the federal government.

While the problems of child support arrears are increasingly recognized by researchers and policymakers, relatively little is known about how arrears accumulate (i.e., arrears trajectories). While the circumstances and decisions leading to arrears accumulation can be expected to vary across cases, it is possible that there are typical patterns in the evolution of child support arrears. Identifying and understanding different patterns of arrears evolution have important implications for policies to reduce arrears, particularly in terms of the target and timing of the intervention. For example, if only a relatively small number of noncustodial parents steadily accrue large arrears while most parents accumulate no or low arrears, policy for reducing arrears might best focus on identifying and assisting those with the potential to accrue large child support debt rather than targeting all noncustodial parents. Also, if the

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patterns of arrears evolution in an earlier period tend to persist in a later period, then early intervention may be most effective. A clear grasp of the patterns of arrears evolution also informs the analysis of potential factors associated with arrears accumulation, with implications for future research, as well as policies attempting to reduce arrears.

In this article we examine patterns of the evolution of child support arrears. We use eleven years of longitudinal data from Wisconsin administrative records for noncustodial fathers who were first ordered to pay child support in 2000. We develop a scheme to categorize long-term arrears changes and identify six typical trajectories of arrears evolution. We also briefly summarize the results of an alternative statistical model employed to test the validity of our arrears trajectory categories. We conclude with the implications of the results for child support policy and future research.

2. Policy context

Child support arrears typically accumulate when a noncustodial parent does not comply with court-ordered support, that is, does not pay the amount required. In addition to this *unpaid current support*, there are other components of child support arrears (Bartfeld, 2003). *Retroactive orders* are obligations that cover some or all of the time between the birth of the child and the establishment of a current support order (or, for divorce cases, obligations that cover some or all of the time between parental separation and the establishment of a current support order). *Lying-in costs* are medical costs charged to fathers for any costs associated with the birth of their child that were paid from public funds (Medicaid). There are also various *fees* owed to the state or counties that are charged for genetic testing for paternity establishment or other services provided during the case process. Finally, many states charge *interest* on obligations that are past due, either on a routine basis or intermittently. Some of these arrears are owed to custodial parents, and some to the government; for example, lying-in costs and fees are owed to the government, as are amounts accrued during periods in which the custodial parent received AFDC or TANF (see Cancian, Meyer, & Caspar, 2008; Cassetty & Hutson, 2005, for information on the way states handle child support payments during periods of welfare receipt and potential effects of these policies).

Policies regarding charges for birthing costs and other fees, as well as interest rates, vary substantially across jurisdictions. There is also substantial variation in policy and practice for setting and adjusting orders for unemployed or incarcerated parents (Meyer & Warren, 2011). In this way, state and county child support policy can have a direct effect on arrears accumulation. While unpaid current support is the major component of child support arrears, for some noncustodial parents, retroactive orders and lying-in costs create large debts from the time an order is first issued. Interest also contributes to rapid increases in arrears (Sorensen et al., 2007).

As concerns about arrears have grown, a range of policies have been utilized by states to reduce child support arrears. Approaches can be grouped into two broad categories: policies to prevent accumulation of arrears and policies to manage existing arrears (Bartfeld, 2003; Sorensen et al., 2007). Some preventative policy reforms aim to reduce the imposition of large one-time charges, for example, by reducing or eliminating retroactive orders, or lying in charges. Other preventative efforts primarily aim to reduce the accumulation of child support debts over time, by, for example, setting realistic orders, increasing parental participation in the order establishment process, improving wage withholding, and facilitating the process by which orders are reviewed and modified. Policies to reduce existing arrears range from efforts to increase the effectiveness of arrears collection to efforts to encourage payment by offering temporary amnesty from being arrested for past nonpayment and to policies that forgive some or all of the arrears owed to the government (Heinrich, Burkhardt, & Shager, 2011).

3. Previous research on child support arrears

Studies of child support generally show that there is a substantial amount of support owed that is not paid (Grall, 2013), and there are studies of factors related to compliance with child support orders (see, e.g., Bartfeld & Meyer, 2003). However, these are typically single-period models, so do not provide direct information on the accumulation of arrears (noncompliance in multiple periods).

Nonetheless, these studies of noncompliance provide information on the context in which arrears accumulate. Prior research often models child support compliance (or payments) as influenced by the noncustodial parent's ability to pay, the parent's willingness to pay, and the level of enforcement by governments (e.g., Bartfeld & Meyer, 2003; Beller & Graham, 1993; Meyer, Ha, & Hu, 2008). Research has generally found that a noncustodial father's ability to pay is positively associated with child support compliance. For example, fathers' lower earnings or income, incarceration, and higher burden of the support order (the amount owed relative to the father's income) are found to be associated with lower compliance (Bartfeld & Meyer, 2003; Beller & Graham, 1993). Huang and colleagues show that orders tend to constitute a higher share of predicted income for low-income fathers, and find a stronger negative relationship between order burden and compliance for these fathers (Huang, Mincy, & Garfinkel, 2005). Also, the level of enforcement (e.g., the level of routinization in income withholding) is positively associated with child support payments (e.g., Huang et al., 2005; Nepomnyaschy & Garfinkel, 2010). Noncustodial parent's willingness to pay is also expected to be positively associated with compliance. However, the evidence on willingness to pay is limited and some studies suggest that it matters only for those without formal employment, given that the order amount is supposed to be automatically withheld from the earnings of noncustodial parents in formal employment, regardless of their willingness to pay support (Bartfeld & Meyer, 2003; Lin, 2000).

Ability to pay, willingness to pay, and enforcement may all change over time. For example, if fathers lose their employment, this could lead to a period of noncompliance and the accumulation of arrears, especially if the child support obligation is not adjusted (Ha, Cancian, & Meyer, 2010). Even if fathers are quickly re-employed, it may take a period of time before the child support enforcement system enforces income withholding, and during this period arrears may accumulate, with interest on the unpaid amounts accruing. In the best of circumstances, it may take a period of time before fathers can pay off these debts.

Despite the increasing awareness of child support arrears and their negative consequences on families and states, there are only a few studies that explicitly examine child support arrears. Only Sorensen and colleagues (Sorensen, Koball, Pomper, & Zibman, 2003; Sorensen et al., 2007) have specifically examined who owes how much arrears. Several other studies discuss potential policies to reduce arrears among noncustodial parents with large arrears (Bartfeld, 2003; Heinrich et al., 2011; Roberts, 2001), or examine the effects of arrears on noncustodial parents' earnings or employment (Cancian et al., 2013; Miller & Mincy, 2012).

Sorensen and colleagues analyzed the characteristics of child support arrears (Sorensen et al., 2007). They found that most of the arrears in nine large U.S. states are owed by a relatively small portion of obligors and each of these obligors owes a considerable amount of arrears. Specifically, 54% of total arrears are owed by 11% of obligors, each of whom owes at least \$30,000 in arrears (in \$2004). On the other hand, most child support obligors (57% of those in the nine states) owe at most \$5000 in arrears. Sorensen and colleagues also found that, compared to obligors who owe no arrears or less than \$30,000, obligors who owe over \$30,000 in arrears are more likely to have: no or low reported income, high current support orders relative to their income, multiple current support orders, older current support orders, no current orders (arrears-only cases), and are more likely not to have paid support in the last year.

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