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The Implications of Complex Families for Poverty and Child Support Policy

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Research | *Training* | *Policy* | *Practice*

Acknowledgements

Primary results drawn from:

"The Evolution of Family Complexity from the Perspective of Children" (*Demography* 48:957-982, 2011, with Steven Cook)

"Who Owes What to Whom? Child Support Policy Given Multiple-Partner Fertility" (*Social Service* Review 85:587-617, 2011)

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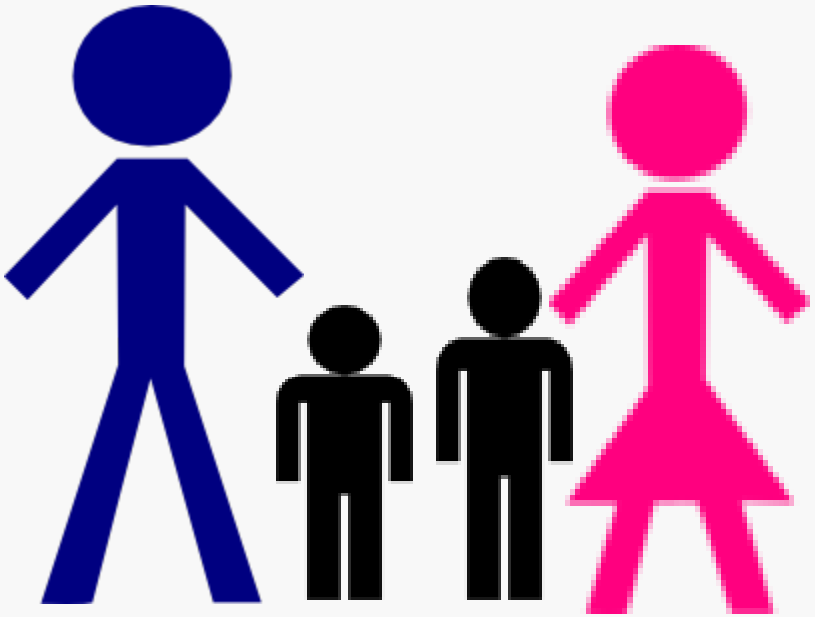
Outline

- What makes a family complex? How common are complex families?
- How is this related to poverty?
- Implications of complex families for child support
  - Why are child support guidelines interesting and important?
  - Why "simple" guidelines may not work for complex families
- Conclusions

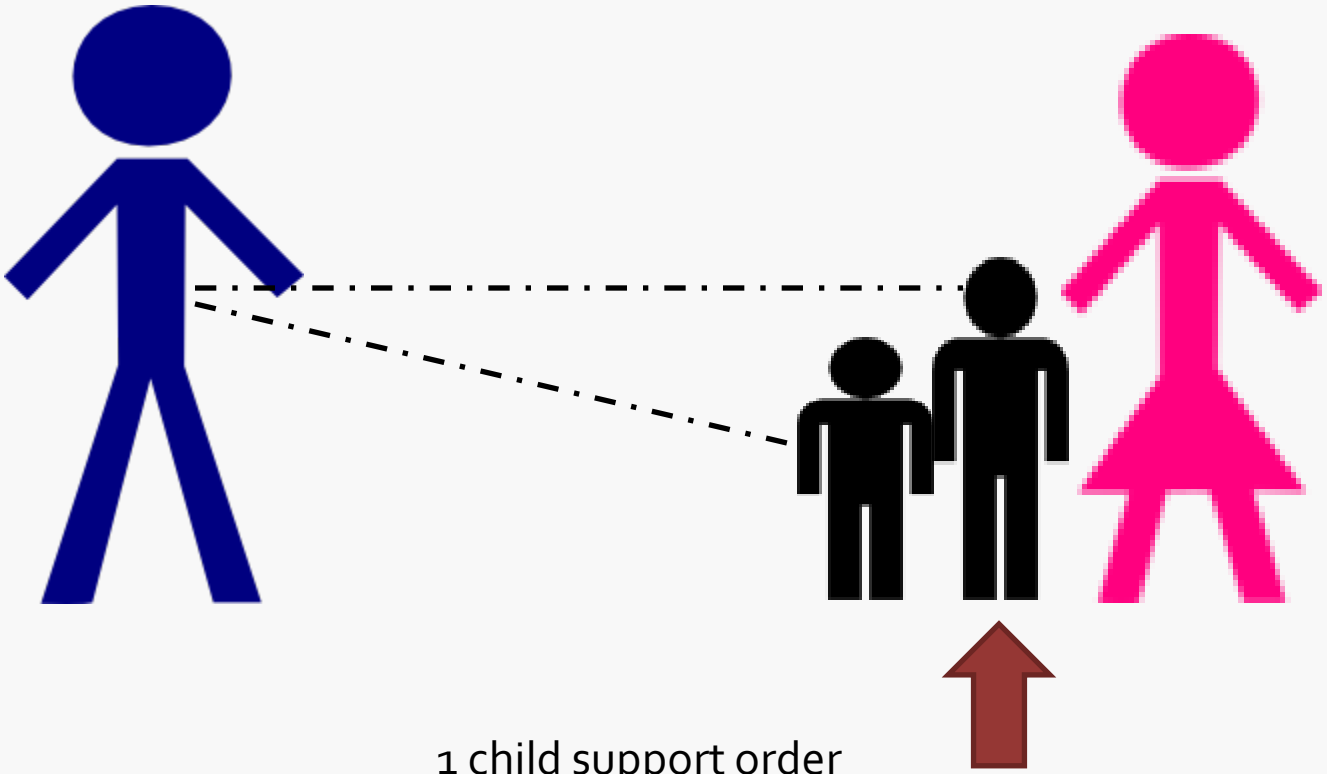
What makes a family complex?

- Complex families, or "Multiple Partner Fertility" (MPF) 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
- Our focus is on complexity most likely to affect child support obligations. We do not address new partnerships that do not produce additional children, even if the new partner brings their own children (step-siblings).

A simple "intact" family



Resident mother, nonresident father



1 child support order
1 full sibling

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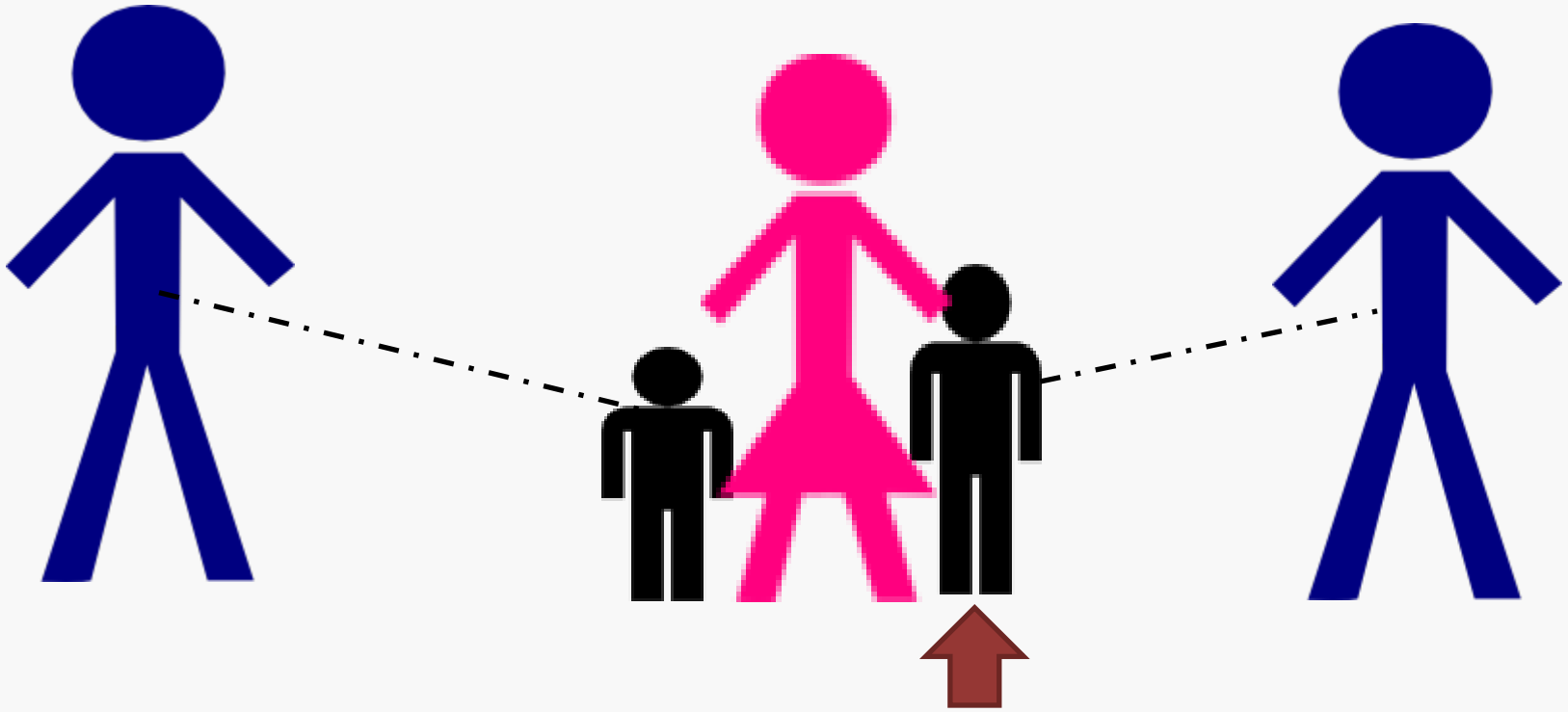
Resident mother with 2 nonresident fathers



2 child support orders
1 half-sibling

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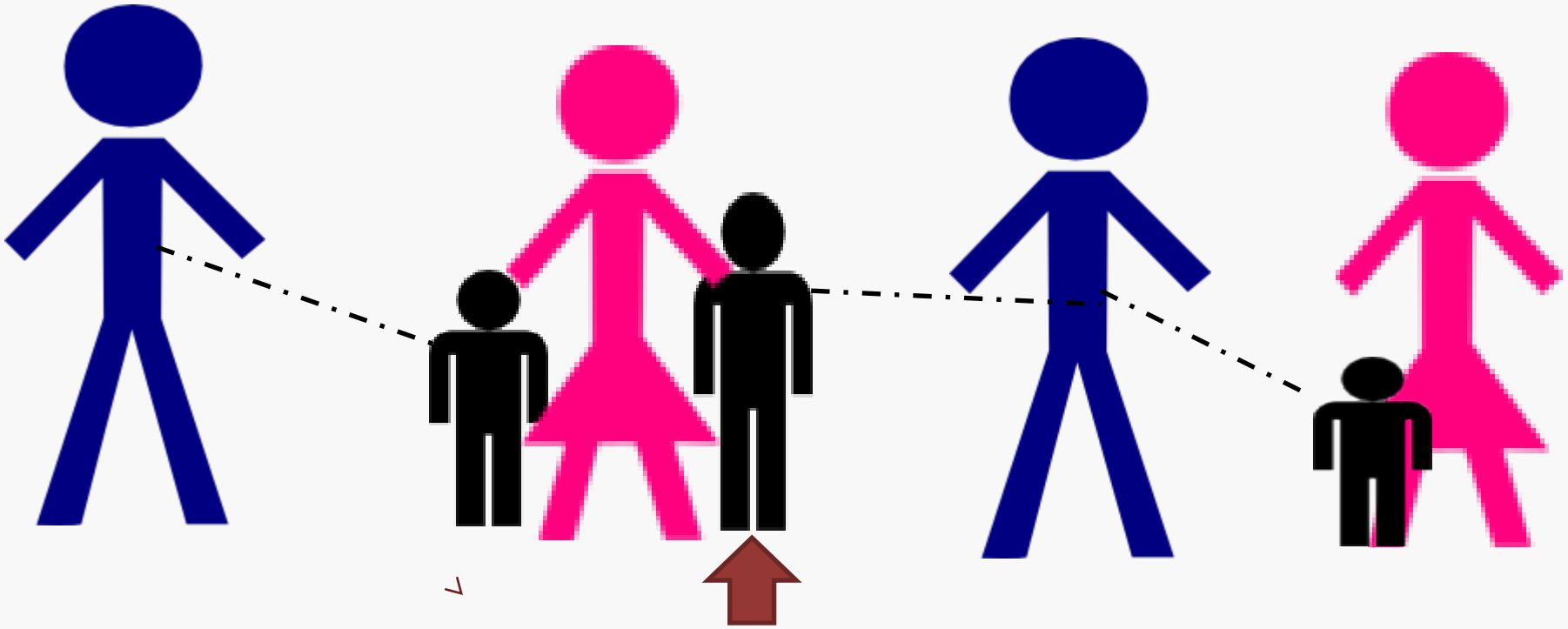
Two resident mothers with 2 nonresident fathers



3 child support orders
2 half-siblings (1 in same home)

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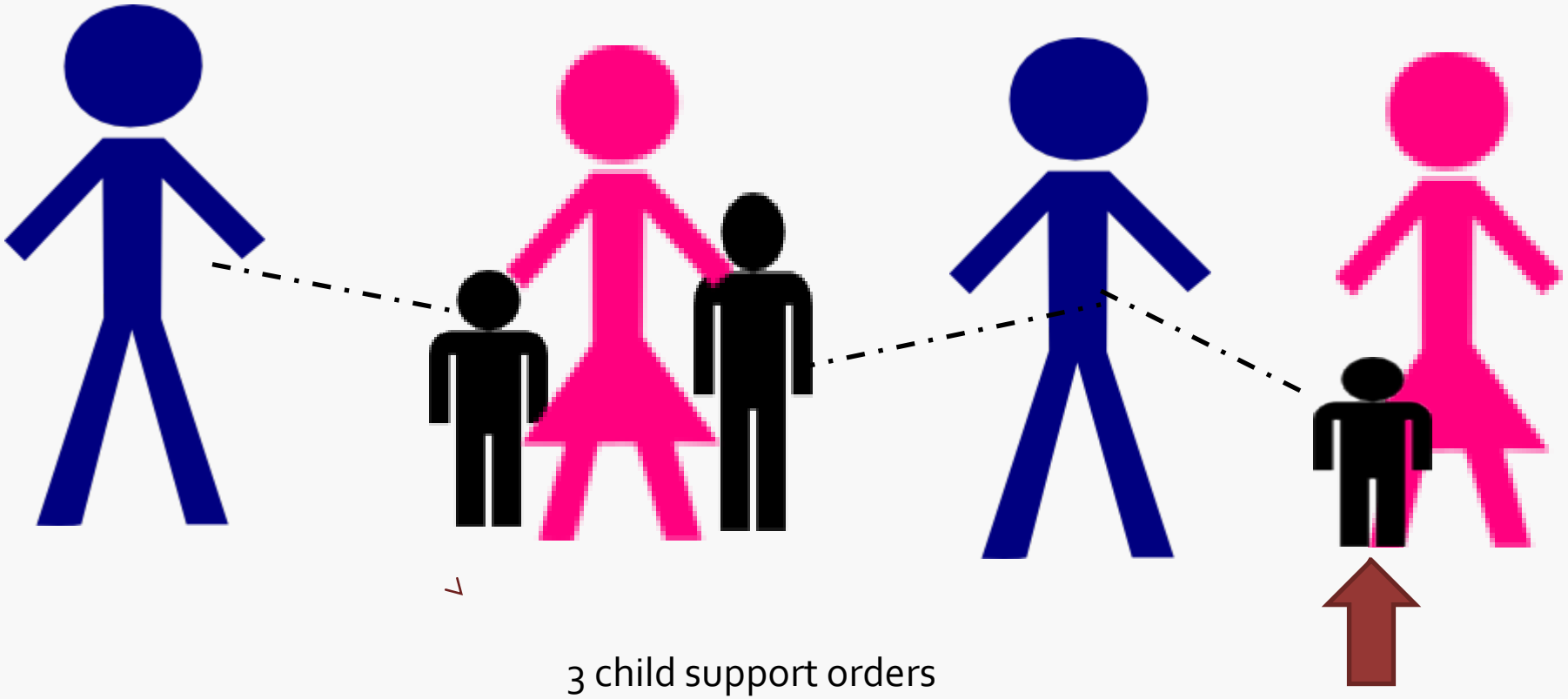
Two resident mothers with 2 nonresident fathers



3 child support orders
1 half-sibling (who lives elsewhere with his/her half-sibling

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Implications of Complex Families

- Complex families raise issues for any social policy– from social security to child support to income taxes– in which costs or benefits depend on family structure. Most poverty policies require information on family structure.
- Complex families make it harder to categorize families and develop appropriate policies
  - Measures of complex families depend on whether you count mothers, fathers, or sibships (since they don't always match)
  - Difficult to collect information on complex families
    - E.g. Hard to ask a mother about each father's other partners
    - Expect under-reporting (especially by noncustodial parents)
- Whether complexity is important for policy depends on how many families and children are involved

Measuring the frequency of complex families: Sample and data structure

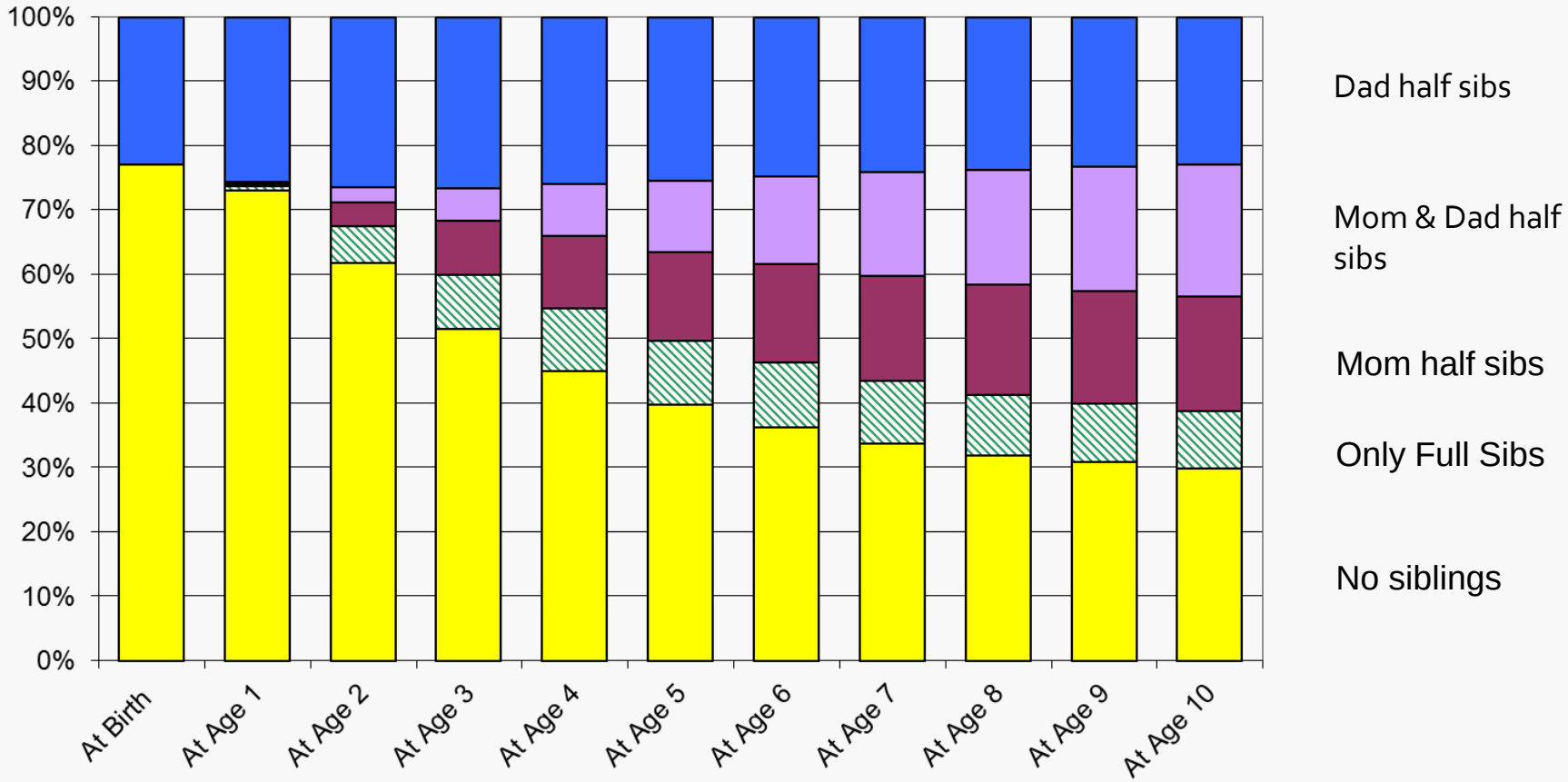
- We rely on data from the WI Child Support Enforcement (CSE) system that lets us follow families over time
- Primary analysis focuses on nonmarital births
  - 41% of U.S. births in 2009 to unmarried parents
- Our data from: 7,169 first-born children of unmarried mothers in Wisconsin in 1997, followed through 2007
  - Overall, data capture about 90% of all nonmarital births in WI
  - Sample excludes:
    - children with unidentified fathers (N=1,865)
    - children who had full siblings also born in 1997 (N=151)

Data: Advantages & Limitations

- Advantages:
  - Administrative records capture nearly all subsequent nonmarital births to either parent, regardless of parents' intensity of contact
  - Large sample
  - Complete and accurate record of formal child support, earnings, and benefits in Wisconsin (useful for measuring implications of guideline changes and factors associated with complexity)

- Limitations:
  - Subsequent marital births only measured if parents divorce within timeframe
  - Excludes births (and income) outside Wisconsin (>80% still in WI records in 2007)
  - Excludes informal child support and earnings, "social" siblings and parents
  - Captures new partnerships only if a birth results

Result: Most children born to unmarried parents will be part of complex families



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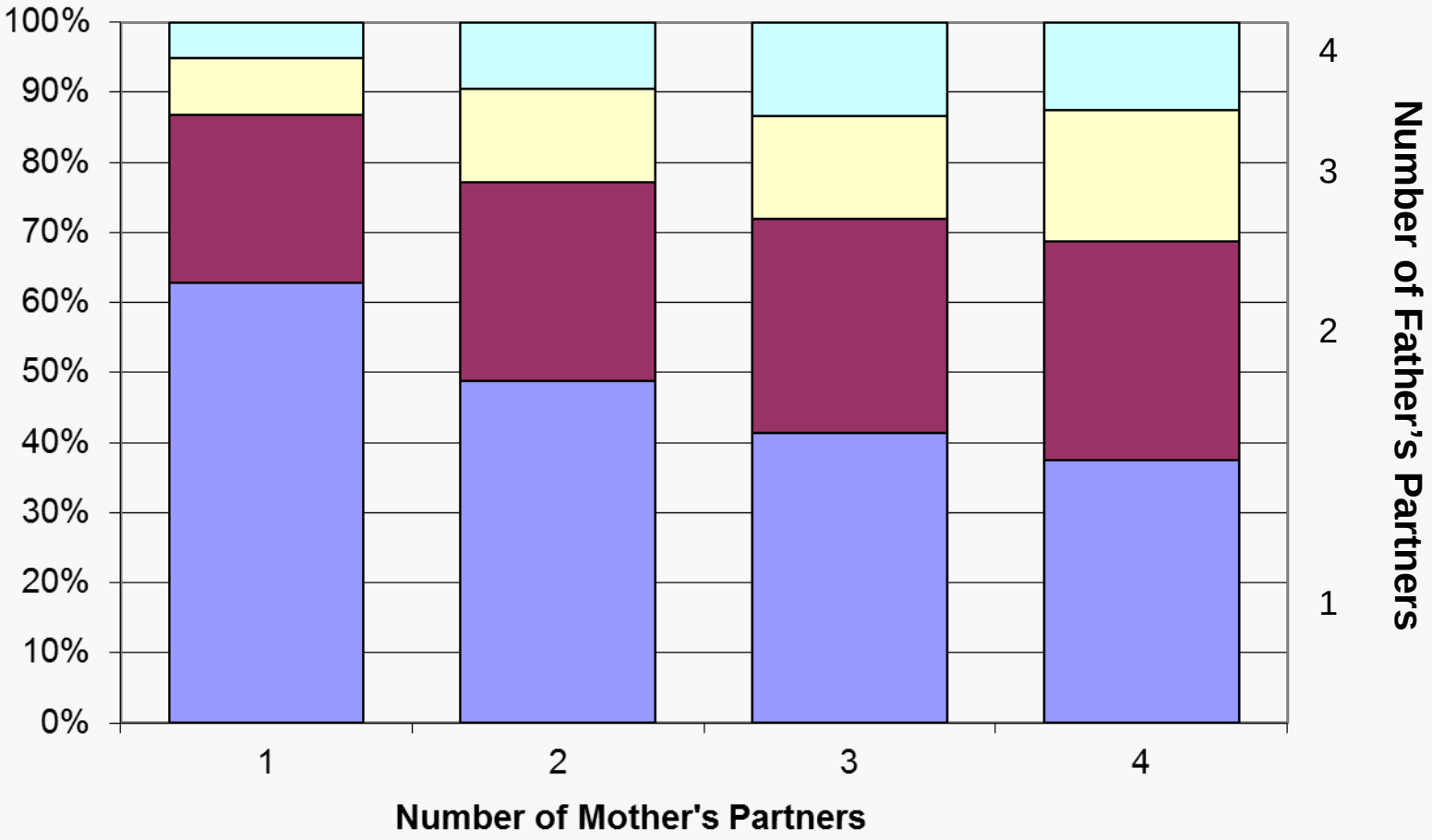
Number of Father's Birth Partners by Number of Mother's Birth Partners



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Complex families: why do we need to pay attention?

- More people, and more types of relationships matter (step-parents, "social" parents, step-siblings, half-siblings, and their parents…)
- May change ideas about families, how they work, and who owes what to whom
- Policies need to address complex families
  - Any policy that ties eligibility or benefits to family status is affected
  - Major consequences for family policy, including child support

How Is This Related to Poverty?

- Fathers in complex families have substantially lower earnings
  - Average fathers' earnings if only children in common: $19,519
  - Average fathers' earnings if mother and at least one father have had children with 3+ partners: $6,950
- Mothers who had higher earnings prior to their first nonmarital birth are less likely to have complex families 10 years after the birth
  - Of those initially earning $25,000+, 10% had a child with another father
  - Of those initially earning nothing, 45% had a child with another father
- Conclude: those with complex families likely to have low incomes later; those with low incomes likely to have complex families later

Why are child support guidelines interesting and important?

- Most children will spend some time living apart from one of their biological parents
- Child support guidelines are of interest because they:
  - have direct consequences for the economic well-being of children and their resident & nonresident parents
  - embody a set of values (and incentives) regarding parental responsibility, co-residence, etc
- Numeric CS guidelines in the U.S. are designed to:
  - provide adequate support for children living apart from a biological parent (improving child well-being and reducing need for public support of children);
  - improve horizontal equity (families in the same situation treated the same), reduce uncertainty and litigation

How are child support order amounts determined in the U.S.?

- U.S. Federal law requires "presumptive" child support guidelines in each state.
- State guidelines generally build on "continuity–of-expenditures" approach and aim to replicate expenditures in intact families
  - Parents with larger families spend more in total (less per child)
  - Parents with higher incomes spend more for a given number of children
- For "simple" families, the resulting guidelines are also consistent with principles of:
  - Manageable burdens (not asking a parent to pay more than they can)
  - Economies of scale (second child doesn't cost as much as the first)
- But, for complicated families:
  - No straightforward point of comparison ("continuity" with what?)
  - "Simple" approaches are often have unintended consequences

Wisconsin guidelines for "simple" families

- The proportion of the nonresident father's income due to a resident mother who has had children with one father is:
  - 17% for one child
  - 25% for two children
  - 29% for three children
  - 31% for four children
  - 34% for five or more children

Example: child support paid/received for a simple family

- Simple family with 2 children:
  - Peter earns $10,000*/year and had two children with Mary
  - The children live with Mary
- Child support guideline: 25% of income
  - Peter should pay $2500/year (25% of $10,000).
  - Mary should receive $2500/year

*Note most states have special procedures for low-income cases like this one; for simplicity we ignore these adaptations here

Wisconsin guidelines for "complicated" families

- Each couple considered individually and sequentially (i.e. first marriage/partnership first)
- If all children live with their mother:
  - CS owed to mother doesn't change if she has other children/sibships in her household
  - CS owed by father adjusted only to account for father's lower income *net* of *previous* orders.

Example: Child support paid/received for a complicated family

- Complex family
  - John earns $10,000/year and has two children, first one with Ann, then one with Betty.
  - Ann and Betty each had one child with another father earning $10,000, and owing no other CS. All children live with their mother.
- Child support guideline: 17% income per child
  - John should pay $1700/year in child support to Ann (17% of $10,000)
  - John should pay $1411/year to the Betty (17% of the $8,300 remaining after he's paid Ann)
  - Each of the other fathers should pay $1,700 for their first-born children
  - Ann should receive a total of $3400 ($1,700 from each father)
  - Betty should receive $3,111 ($1,700 from the first father and $1,411 from John)

Questions we need to answer to develop CS policy for complex families

- Should we think about orders for:
  - Couples?
  - Resident parents ("mother-focused")?
  - Nonresident parents ("father-focused")?
- Should CS obligations depend on whether the child was born first or last?
- Do we care most about being fair to resident parents? Nonresident parents? Children?

Simulating alternative approaches to Child Support for complex families

- Paper (Cancian and Meyer, 2011) includes estimates of different policies
  - Hypothetical orders using WI guidelines and given:
    - three children per mother (or per father)
    - All fathers (mothers) have single child with any other partners
    - All fathers have identical incomes ($10,000)
  - Empirical simulations based on observed family structure and incomes of Wisconsin families

Hypothetical CS Owed to Mother with three children

(slide 1)

- Assume Mary has 3 children with one father, who earns $10,000
- Father only had children with Mary (simple family)
  - Father owes $2,900 to Mary (29%)
  - Mary owed $2,900
- Father had one child each with two previous mothers
  - Father owes $1,700 to first mother, $1411 to second mother, and $1,998 to Mary (29% of income left after the orders to the first two mothers)
  - Mary owed $1998

Hypothetical CS Owed to Mother with three children

(slide 2)

- Assume Mary has 3 children, one each with three fathers, who each earn $10,000
- Fathers each only had children with Mary
  - Fathers each owe $1,700 (17% of $10,000)
  - Mary owed $5,100 ($1,700 X 3)
- Fathers each had one child each with two previous mothers
  - Father owes $1,700 to first mother, $1411 to second mother, and $1,171 to Mary (17% of income left after the orders to the first two mothers)
  - Mary owed $3,513

Hypothetical CS Owed to Mother with three children

(slide 3)

- Taking one couple at a time, orders for a mother with 3 children with 1 to 3 fathers each of which have up to 2 other children vary from $1,998 to $5,100
- If we only consider Mary's 3 children and set an order of 29%, Mary would be due $2,900 regardless of the father(s)' other obligations
- If we only consider the father(s)' children and set his total due as $2,900 for three children, Mary could be due anything from $900 to $5,100, depending on how birth order is treated
- If orders are set as a per-child amount, Mary will be owed the same amount regardless of the number of fathers or their other obligations; $3750 if set at 12.5%

Summary from hypothetical and empirical simulations

- In theory and in practice, orders vary widely with approach
  - Setting orders based on mother's total number of children means father with children in complex families owe less
  - Setting orders based on father's total number of children means mothers whose partner's children are in complex families owed less
  - Key principles in conflict; impossible to design "ideal" child support system
  - Difficult to accommodate complex families without compromising logic for simple families
- In practice, nonresident fathers in the most complicated families often have very low earnings; difficult to avoid inadequate support, and burdensome orders

Conclusions

- Complex families are common, especially among the most economically vulnerable
- Current policy was designed for simple families, and often has unintended consequence for complex families
- Need to reconsider policies with complex families in mind, but no simple solution given tradeoffs and diversity of situations
- Because complex families are disproportionately poor, and eligibility for many income support policies linked to family structure, these issues are important for anti-poverty policy

For more information

Related papers and reports:
http://www.irp.wisc.edu