

Child Support Payments, Income Imputation, and Default Orders
Child Support Policy Research Agreement, 2018-20: Task 5
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Policy/Research Question

The December 2016 Flexibility, Efficiency, and Modernization in Child Support Programs final rule limits the use of income imputation and default orders. At least two sets of concerns have motivated related policy and research: concerns that these orders may be unfair to low-income noncustodial parents, and concerns that if they are set beyond a noncustodial parent's (NCP's) ability to pay, they may be counterproductive. In this report, we examine the likelihood of imputed-income and default orders and how total child support paid and compliance—that is, total payments as a proportion of the amount due—vary with these types of orders.

Data/Methods

We use the four most recent cohorts of Wisconsin Court Record Data (CRD): Cohorts 28, 29, 30, and 33, which comprise cases filed with the courts from July 2007 to August 2010 (Cohorts 28–30) and in 2013 (Cohort 33). We identify cases with imputed-income orders if the court record indicates that the type of support order is a fixed-dollar order, based on a percentage of potential income, or if there is a record of a deviation from the guidelines related to the potential earnings of the payor. We identify cases as having default orders if the court record indicates that the support order was determined by a default method of arriving at a support amount when the payor fails to appear in court, and the NCP was not represented by counsel. Our analyses are weighted to adjust for sampling differences between large and small counties. Because the type of order may be related to characteristics that are associated with the level of payments and compliance (e.g. NCPs with low or unstable earnings may be more likely to have an order with imputed income, and less likely to pay support—regardless of the type of order), we estimate descriptive multivariate regressions to account for differences in the observable characteristics of NCPs with different types of orders.

Results/Potential Policy Implications

We find that NCPs with orders based on imputed income and those with default orders pay less child support and have lower levels of compliance. However, the descriptive multivariate analysis suggests that the gaps in both payments and compliance are largely accounted for by differences in observable characteristics. In other words, the evidence suggests that lower payments and compliance are primarily associated with the economic status, family situation, and other characteristics of the case, not with the type of order, *per se*. This implies that avoiding the use of imputed income and default orders will not, on its own, substantially increase child support payment levels. On the other hand, if such changes result in lower orders without reducing payments, they will increase compliance.

Additional Research Questions/Data Limitations

In this analysis, we are limited by the identification of imputed income and default orders within the CRD. We are hopeful that the Bureau's plans to standardize collection of these data in KIDS will allow for more accurate identification in the future. Although we were not able to estimate causal relationships in this analysis, we hope to be able to identify instruments that will allow us to do so in the future.