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How Much Child Support Should We Expect from Low-Income Fathers?

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The findings and conclusions in this presentation are those of the author(s) and should not be construed to represent those of the sponsoring institutions or of any official USDA or U.S. Government determination or policy.

Setting Orders

- The federal government requires states to develop and use numerical guidelines for setting orders
- States have flexibility to develop and operationalize guidelines
 - Model selection, cost basis for child costs, calculating adjustments (e.g., parenting time), judicial deviations, treatment of low- and high- income obligors
- **Substantial cross-state variation in order amounts**
 - **\$390 - \$1,057**, based on median weekly earnings of noncustodial parent (NCP)

Setting Orders for Low-Income Payers

- Most states provide some adjustment for low-income payers

- Alternate guidelines schedule (Wisconsin - current)

- Self-support reserve (SSR)

The minimum amount of money that a state determines should be reserved for a paying parent's basic living costs each month.

- Minimum order amounts

A fixed amount expected of paying parent, regardless of income level.

Setting Orders for Low-Income Payers

- However, other factors may influence order amounts for low-income payors
 - Income imputation
 - applied when NCP income is not known or believed to be less than NCP capacity
 - Default judgments
 - when NCP or legal representative does not appear in court
 - Deviations from guidelines
 - judicial discretion
 - NCP incarceration

Recent Regulations and Low-Income Payers

The 2016 Flexibility, Efficiency and Modernization in Child Support Enforcement Programs Final Rule (OCSE)→

- Calculate orders based on “earnings, income, and other evidence of ability to pay”
- Address NCP basic needs via a low-income adjustment (e.g., a SSR or alternative guidelines schedule)
- Account for NCP circumstances when imputing income
- Address children’s health care coverage (public or private)

Recent Regulations and Low-Income Payers

Aims of final rule/low-income adjustments→

- Increase consistency of child support payment
- Reduce levels of child support debt
- Reduce enforcement costs

Current Study

How much child support are states expecting from low-income parents?

Cross-state comparison of order amounts using online child support calculators and “model” cases

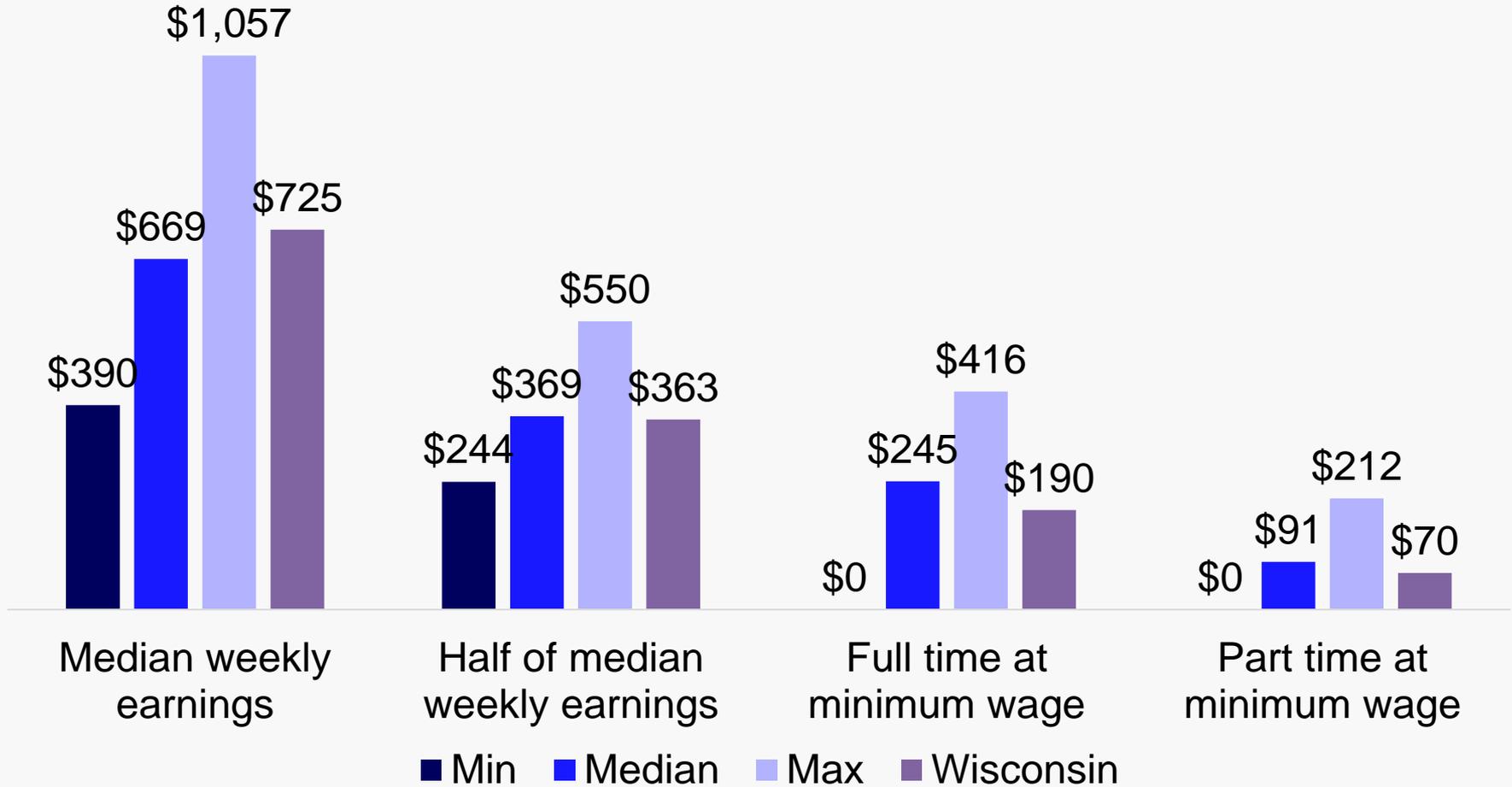
Model Family Scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Highest earners			Lowest earners
Father's Income (NCP)	State median weekly earnings for full-time male workers	Half the state median weekly earnings for full-time male workers	Full time at state minimum wage	Part time at state minimum wage
Median	\$4,178	\$2,089	\$1,429	\$714
Mother's Income (CP)	Half the state median weekly earnings for full-time female workers			
Children on the Case	1 and 2 Children			

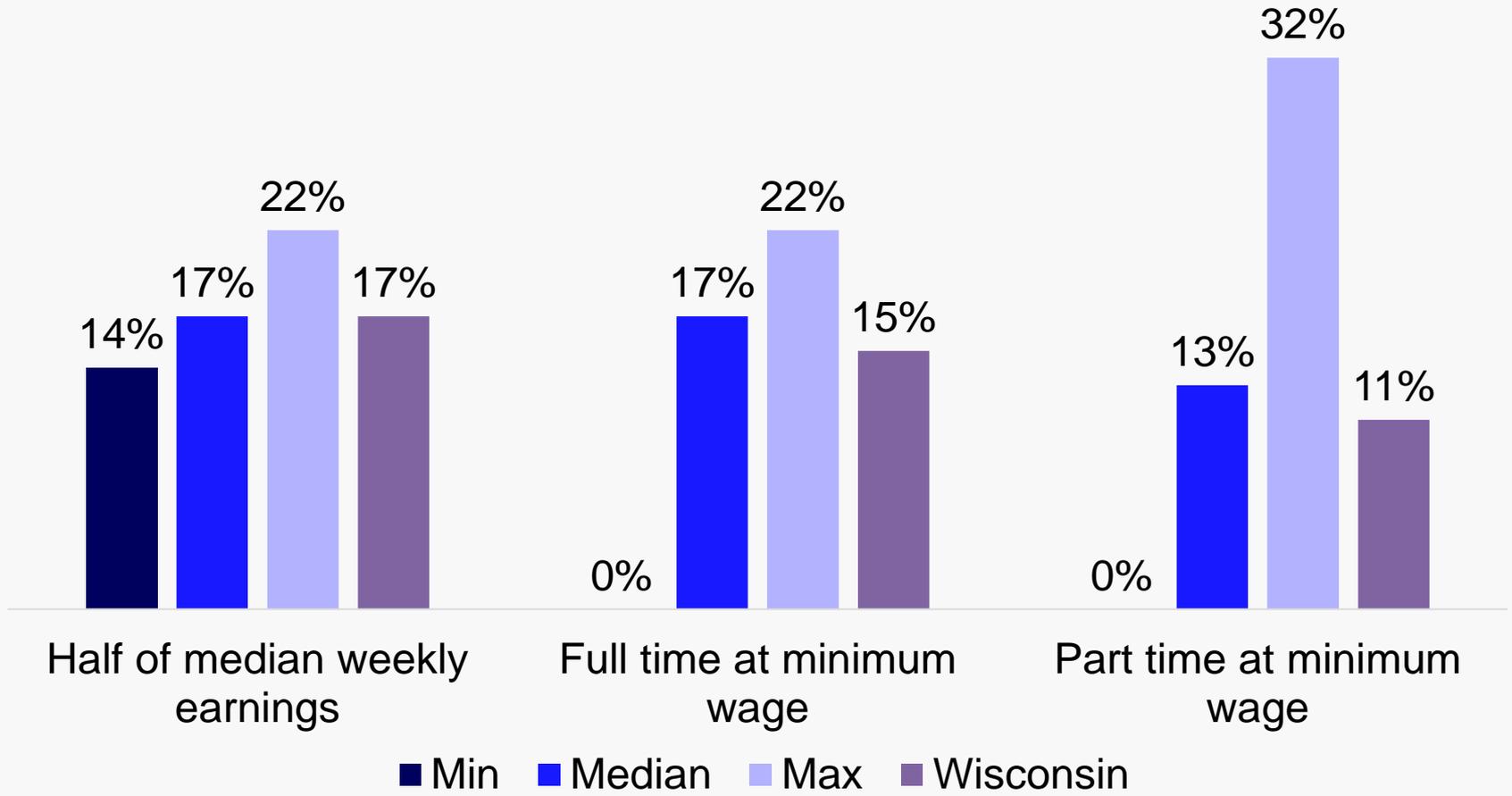
Data & Approach

- Calculate monthly order amount and burden level (order as a percentage of NCP income) under each state's child support guidelines
- Online child support calculators
 - State-specific calculators
 - Supportpay.com when state calculators not available
- 4 scenarios varying on the income level of the parents and the number of children on the case

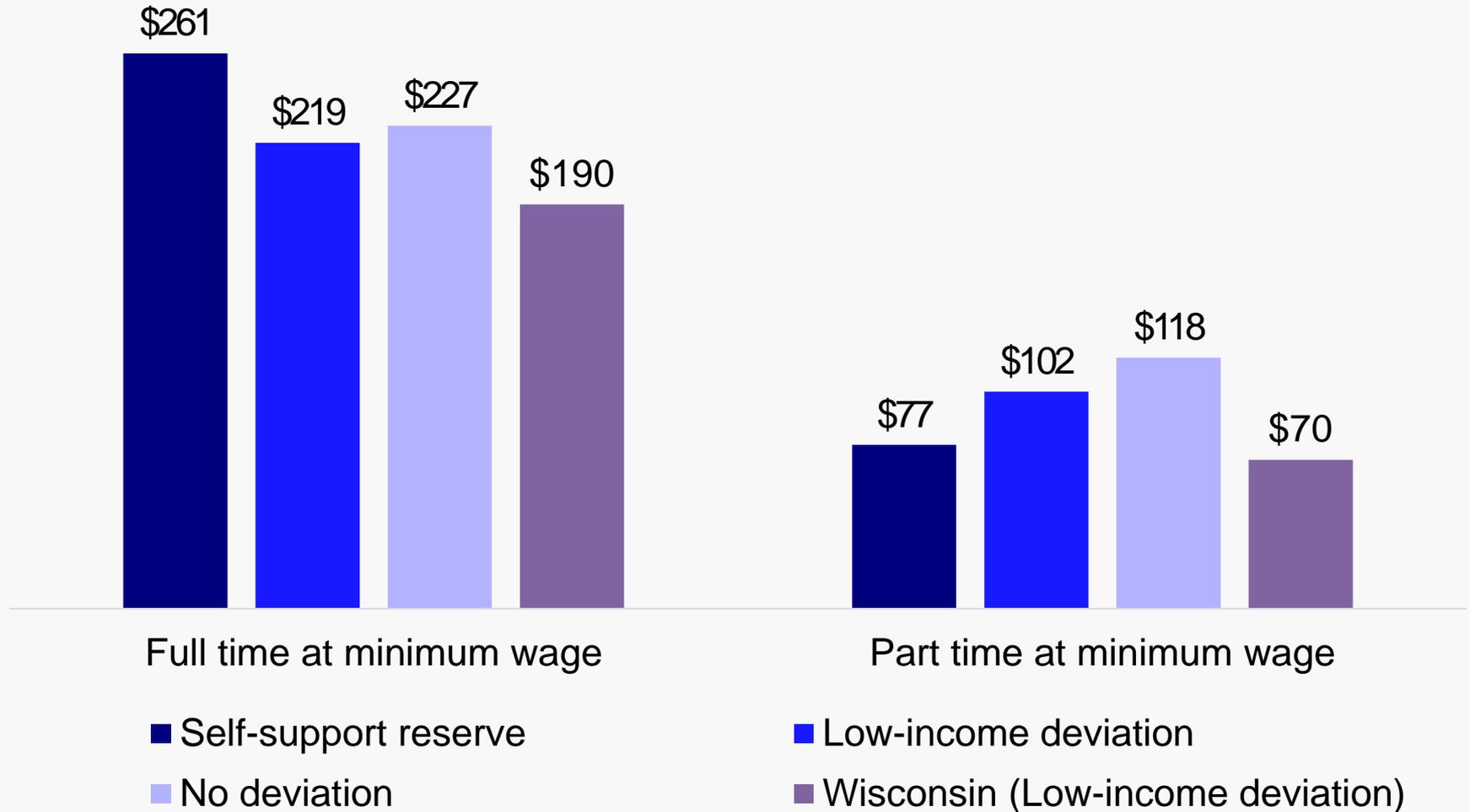
Order Amounts



Burden Levels

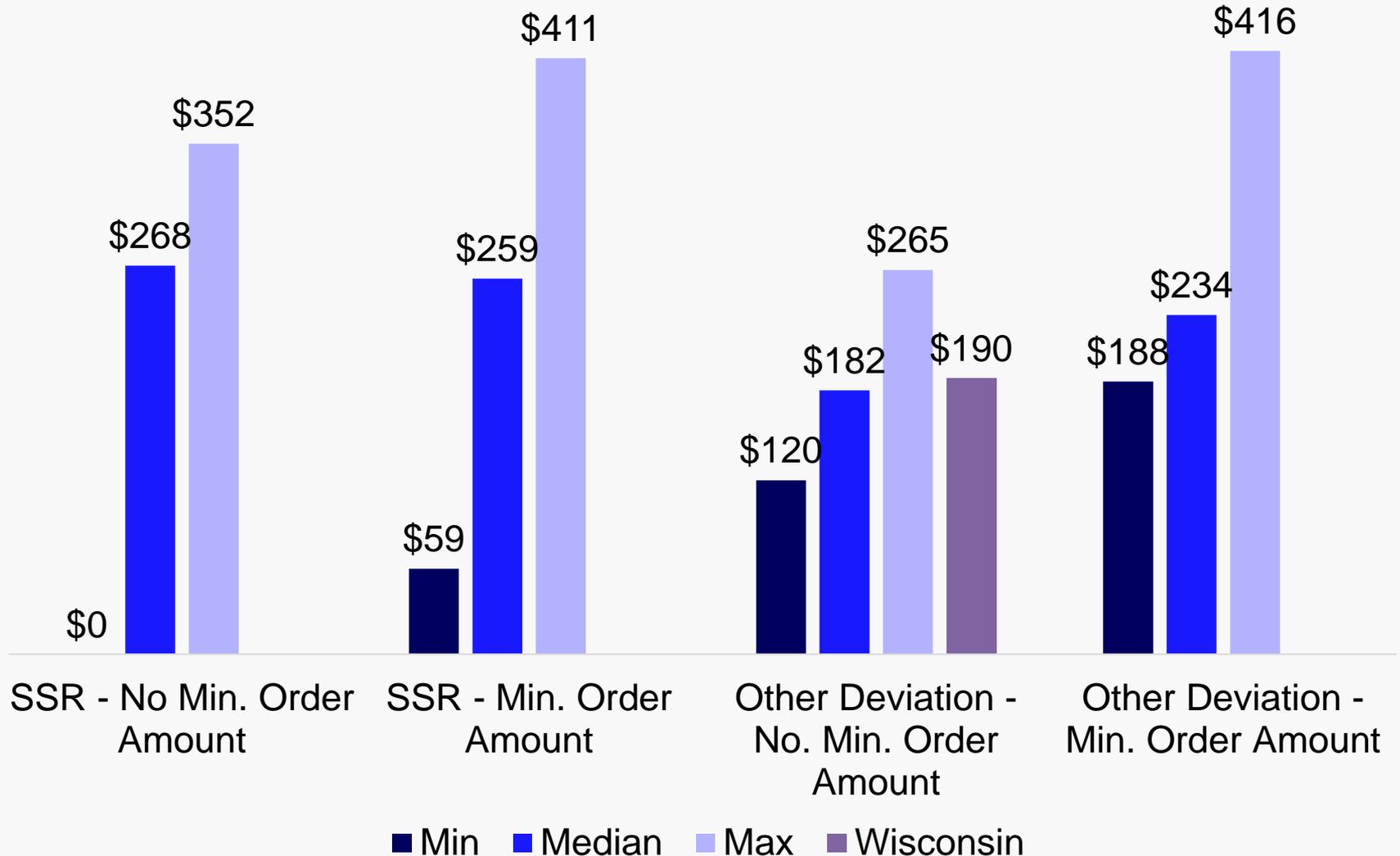


Median Order Amounts by Low-Income Adjustment



Low-income Deviations and Minimum Order Amounts

Father's working full time at minimum wage



Policy Implications

Self-support reserves *(Minimum amount a state determines should be reserved for a paying parent's basic monthly living costs)...*

- Result in lower order amounts and burden levels for fathers with incomes around the poverty line
- Prioritize the noncustodial parent having sufficient income to meet their own needs, consistent with 2016 ruling
- **Produce orders well below the amount of income needed to support a child and in some cases no order at all**

Policy Implications

Minimum order amounts (*A fixed amount expected of paying parent, regardless of income level*)...

- Result in lower-earning fathers owing a higher percentage of their incomes than higher earnings fathers
- Produce higher orders relative to states with SSRs and no minimum order amount
- Produce lower orders than states with low-income deviations and no minimum order amount
- **Ensure an order for all noncustodial children, but well below the amount of income needed to support a child**

Limitations

- Cross-state comparison does not account for several factors which may influence order amounts
 - Obligations to resident children and other nonresident children, medical support, child care, parenting time, etc.
- Cross-state comparison focuses only on order amounts, which may or may not be paid

Conclusions

States varied in what was considered an appropriate child support obligation for a low-income noncustodial parent



Order amounts from \$0 to \$550 depending on noncustodial parent income (one child on case)

State variation reflects the tradeoff between the economic needs of the noncustodial parent and the children on the case



Generous self-support reserves can maximize noncustodial parent income



A graduated low-income adjustment can maximize child income (if the order is paid)

THANK YOU!

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