



Institute for
Research on
Poverty

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Child Support Payments, Income Imputation, and Default Orders

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- Thank you to...
 - Wisconsin DCF and BCS
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 - Colleagues at IRP

Views expressed here are those of the authors and not necessarily those of the sponsoring institution.

Motivation (1)

- Guidelines call for orders to be based on the **number of children** and the **noncustodial parent's income**
 - And, when relevant, the physical placement of the children and the previous obligations of the noncustodial parent
 - The formula need not be used in certain stated circumstances
- BUT... **How should child support orders be set when:**
 - The noncustodial parent's income is unknown?
 - The noncustodial parent's prior or current income may not reflect potential income?
 - Impute income
 - The noncustodial parent is not present (and not represented)?
 - Set order by default

Motivation (2)

- Flexibility, Efficiency, and Modernization in Child Support Programs final rule (2016) limits the use of income imputation and default orders
- Unclear how often **income imputation** is used
 - And whether it is linked to lower payments and lower compliance
- Unclear how often **default judgments** occur
 - And whether they are linked to lower payments and lower compliance

Overview of Talk

- Background and Research Questions
- Study Overview (Data, Measures, Strategy)
- Findings
- Summary and Implications

Background and Research Questions

Previous Research on Imputation

- Imputed-income orders are common
 - $\frac{1}{4}$ to $\frac{1}{2}$ of lower-income NCPs in studies in IN & MD
(Brinig & Garrison, 2018; Demyan & Passarella, 2018)
- Imputed incomes higher than actual incomes
 - Actual income 72% less than imputed income in MD
(Demyan & Passarella, 2018)
- Imputed-income orders linked to lower payments
 - In MD, imputed-income cases compliance of 31% compared to 67% for actual-income cases (Demyan & Passarella, 2018)

Previous Research on Default Judgments

Limits of Previous Research

- Low-income NCPs more likely to have imputed orders, and they pay less
 - Is less payment about imputation or about low income status?
 - We really want to understand whether cases using imputed income pay less than cases like them (but who use actual income)
- Very little previous work on default judgments

Research Questions

1. In “recent” Wisconsin cases how often is income imputed and how often are there default judgments?
 2. Do imputed-income pay less and comply less than actual-income cases?
 3. Do cases with default judgments pay less and comply less than those where the NCP was present or represented?
- Note: These are pragmatic questions, not answering whether imputing income is best practice

Study Overview

Data

- Source
 - Wisconsin Court Record Data
 - Divorces, paternity adjudications, and VPAs coming to court in 21 counties in Wisconsin (includes Milwaukee)
 - Combined with administrative records of orders and payments
- Sample
 - Cases that came to court July 2007-August 2010 or 2013
 - 6,249 cases in final sample (excluded <10%, unknown placement, living together, unusual cases); main analysis sample includes 4,194 with an order for 2 years

Measures

- Imputed income
 - Court record indicates “fixed-dollar order, based on a percentage of *potential income*”
 - Deviation recorded related to *potential earnings* (sometimes specifies federal minimum wage)
- Default judgments
 - Court record indicates order determined by a “default method of arriving at a support amount when the payor fails to appear” and not represented by counsel

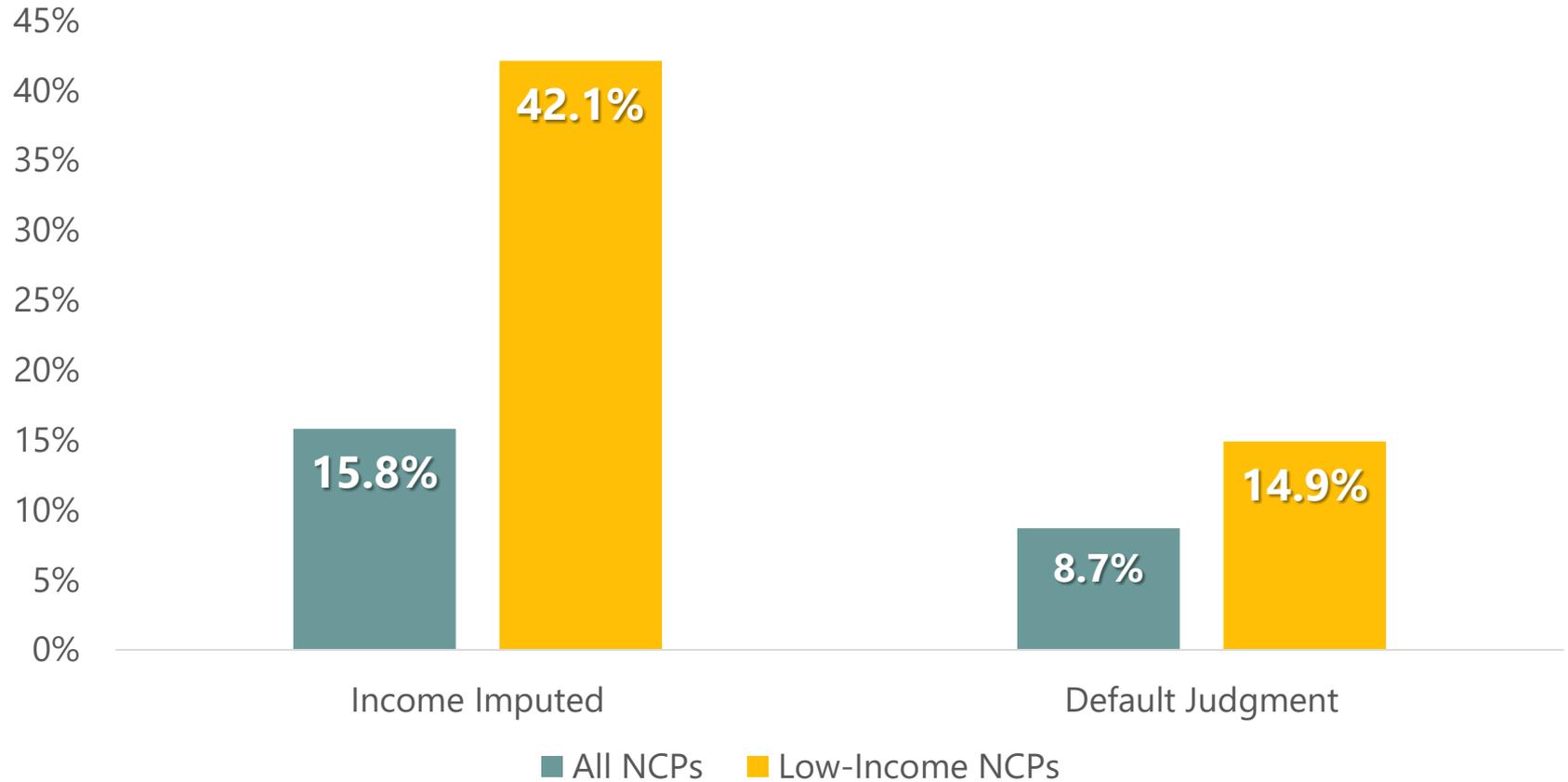
Strategy

- Report frequency of income imputation and default judgments
- Show relationship between 2nd year payments and compliance for imputed vs. actual income and for default judgments vs. NCP present/represented cases
 - Simple comparisons, all and NCPs with income < 150% FPL
 - Comparisons controlling for other characteristics,* all and NCPs with income < 150% FPL

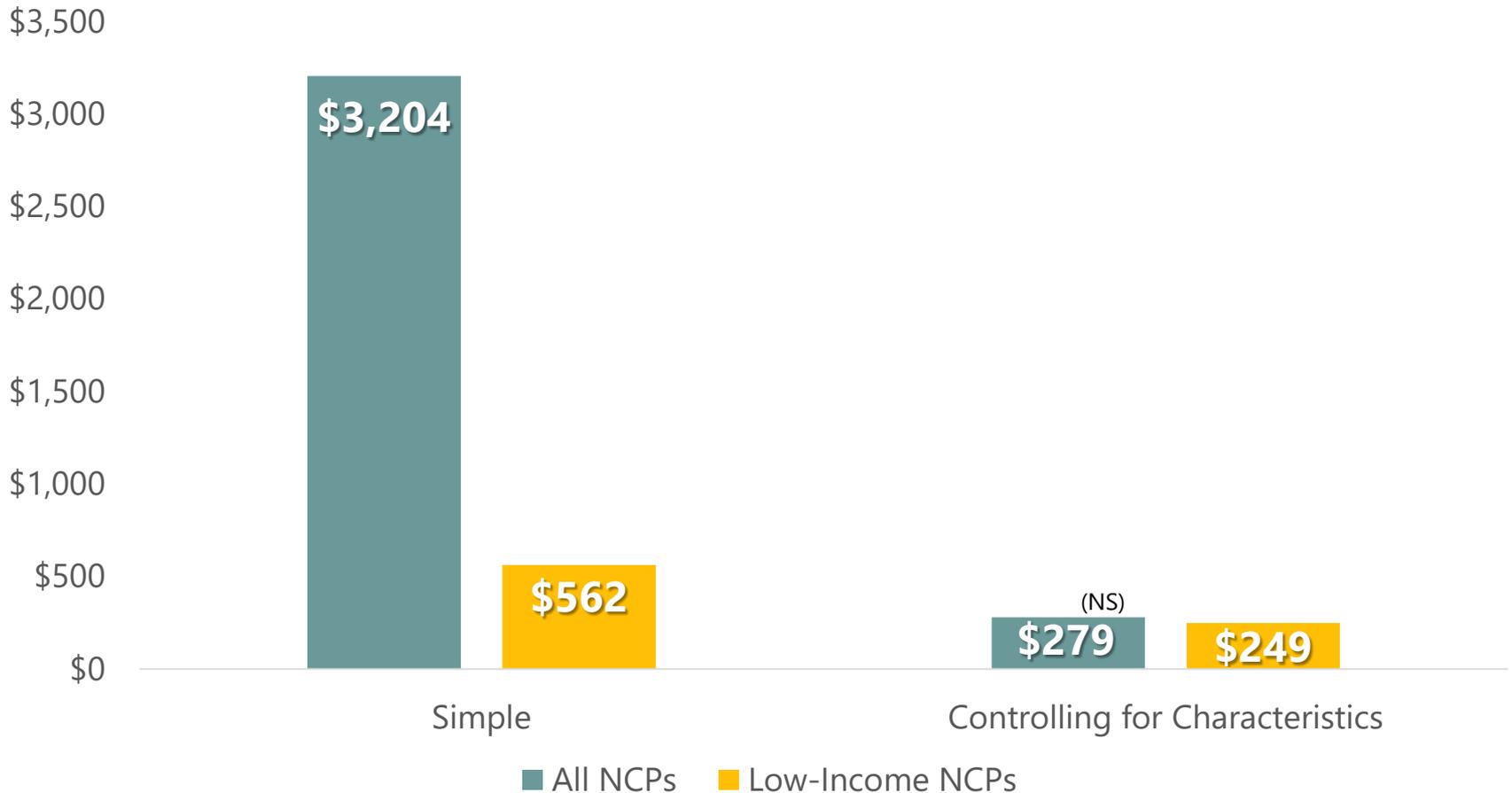
*Placement, paternity/divorce, NCP income, county, #/ages of children, IV-D, etc.

Findings

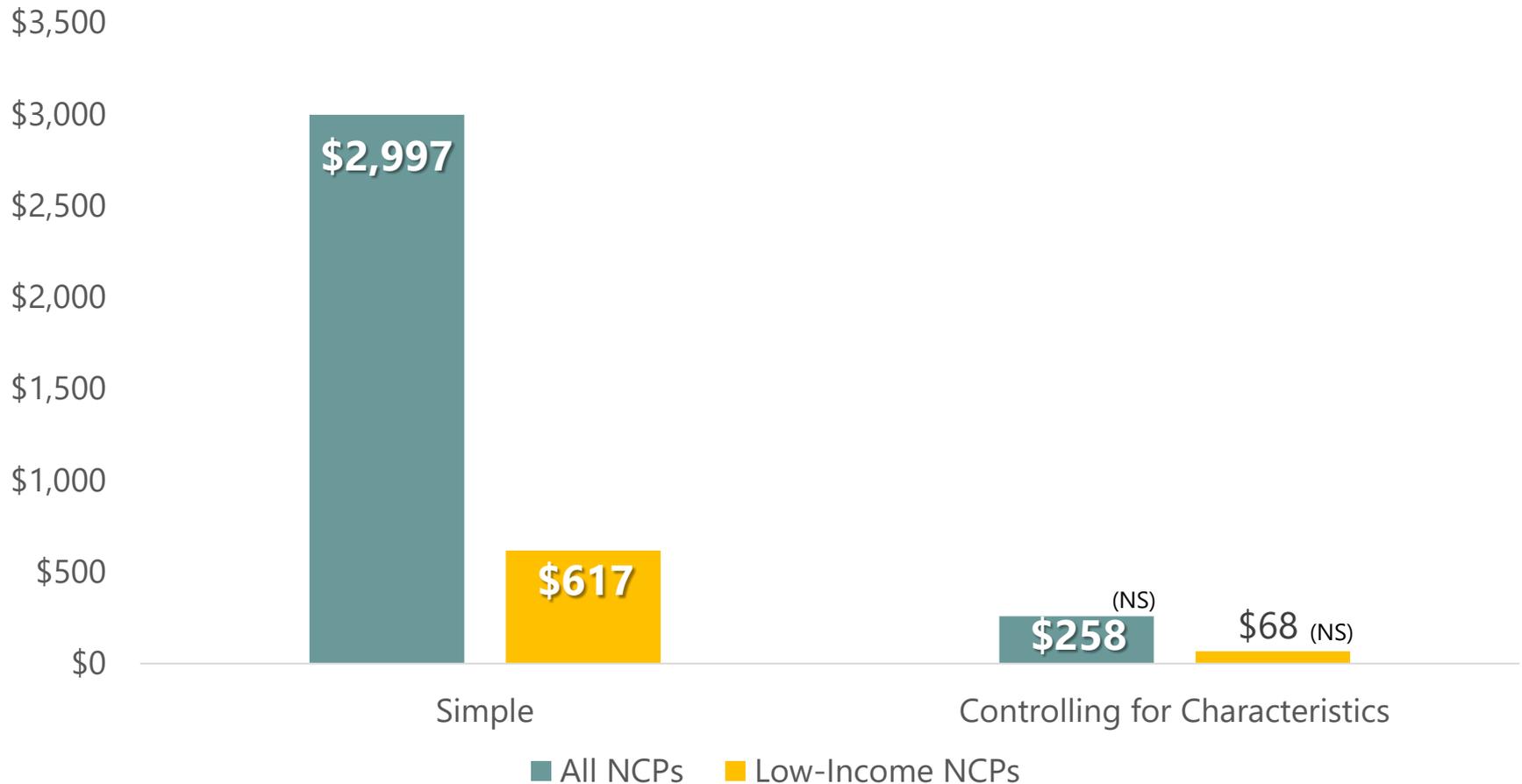
Frequency of Imputation and Default



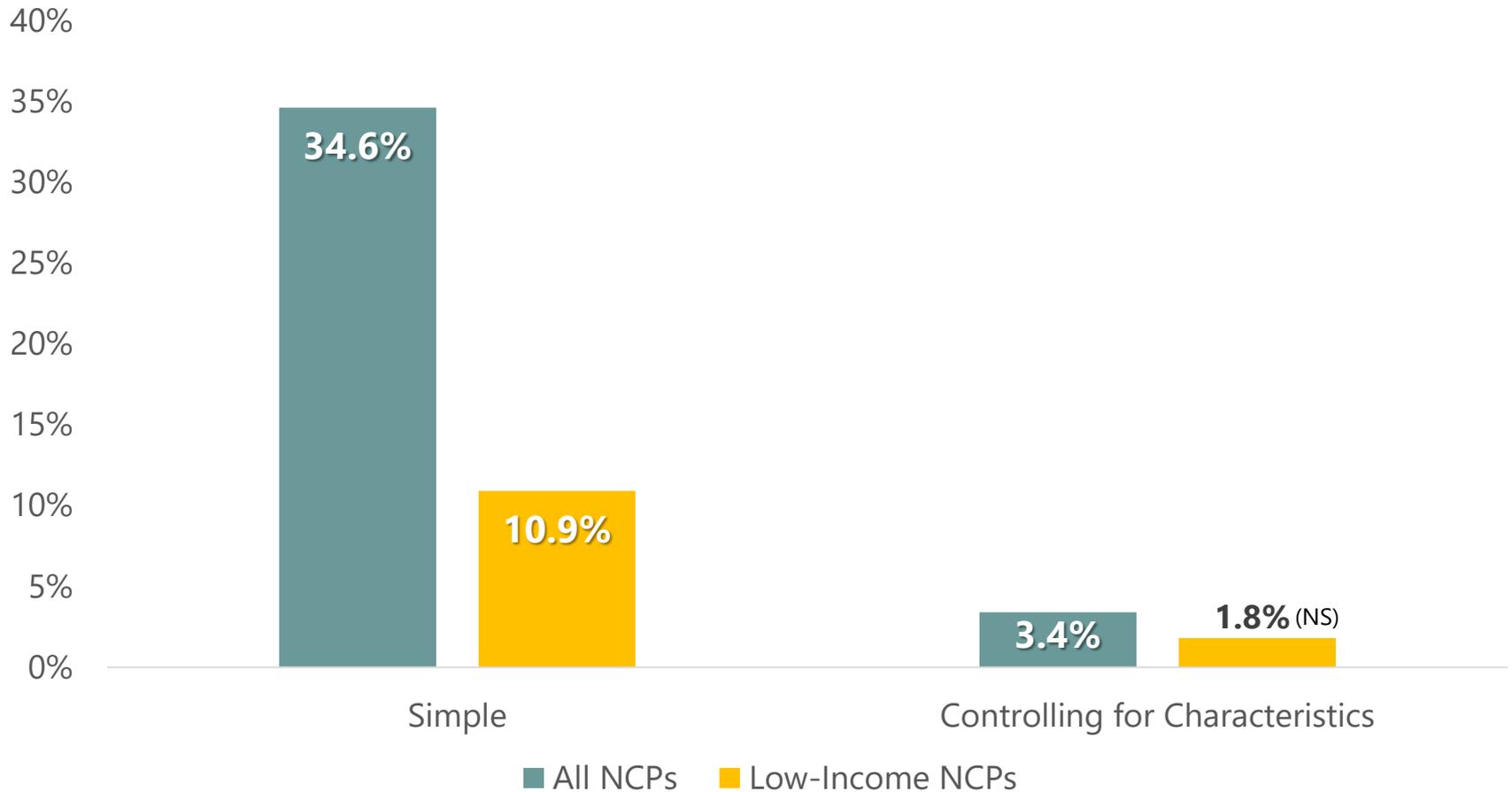
CS Payment Advantage, 2nd Year, Actual Income Vs. Imputed Income



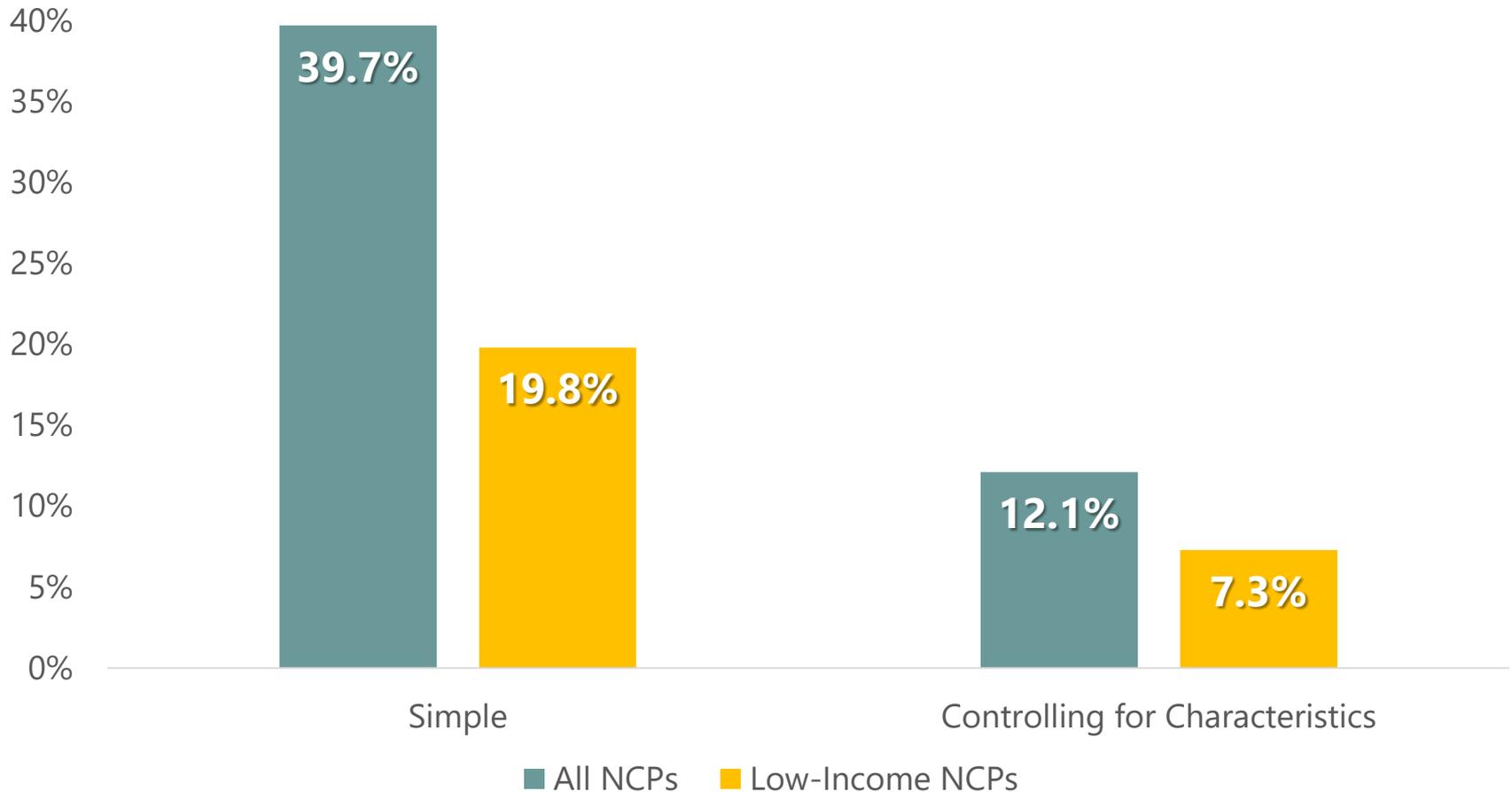
CS Payment Advantage, 2nd Year, Present/Represented Vs. Default



Compliance Advantage, 2nd Year, Actual Income Vs. Imputed Income



Compliance Advantage, 2nd Year, Present/Represented Vs. Default



Limitations and Summary

Limitations

- Measure of imputation and default status is incomplete.
- Even if we could control for all relevant differences, those with imputation may still differ in unmeasured ways from those without it.

Take-Aways

- Income imputation
 - Common, especially among low-income parents (42%)
 - Cases with income imputation pay and comply less
 - But most of the difference disappears when controlling for other factors
- Default judgments
 - Less common, but still important for low-income parents (15%)
 - Cases with default judgments pay and comply less
 - Much of the difference disappears when controlling for other factors

Questions?

Thank you!

Please contact me with questions:

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