EXPLAINING CHILD SUPPORT TRENDS: ECONOMIC, DEMOGRAPHIC, AND POLICY EFFECTS

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Abstract

Child Support is an important source of income for single mothers and their children. Given the growth in single mother families and given their high rates of poverty, child support payments are of growing interest to social scientists and demographers that care about inequality and child wellbeing. This paper uses data from the PSID to examine trends in child support payments between 1968 and 1997 and the determinants of trends. The findings suggest that a number of forces exerted downward pressure on child support payments during this period, with inflation and the shift to unilateral divorce being more important during the earlier years, and changes in marital status and declines in male earnings being more important during the later years. Three new child support laws offset these negative effects: numeric guidelines, universal withholding, and genetic testing.

Introduction

When parents live with their children, they automatically share their income with their child. When parents live apart from their children, income sharing is not automatic, and nonresident parents often fail to provide for their child. Court-ordered Child Support is the mechanism through which society attempts to insure that nonresident parents make financial contributions to their children. The importance of child support has increased dramatically during the past four decades. In the 1950s, most children lived with both of their biological parents from birth to adulthood. Today over half of all children are expected to live apart from at least one biological parent, usually the father, before they research age 18 (Castro-Martin and Bumpass, 1989). A substantial number of children will never live with their fathers. Not only has the incidence of parent-absence increased, the causes have changed as well. In the 1950s, death was the major cause of parental loss; today divorce and non-marital childbearing are the major culprits. Thus Child Support has replaced Survivors Insurance as our chief policy instrument for protecting children against the loss of a parent's income. Given that over 50 percent of children born in the past decade will be eligible for child support before reaching adulthood, and given that many of these families will live below or just above the poverty line, understanding trends in child support payments is of great interest to social scientists and demographers who care about inequality and the wellbeing of women and children.

In response to growing concern about changes in family structure and increases in child poverty, Congress began passing laws designed to insure that children of nonresident parents received child support. In 1975, Congress established the federal Office of Child Support

Enforcement and created incentives for states to establish similar offices. In 1984, it passed a series of amendments requiring states to withhold child support obligations, in cases of delinquency, and to establish legislative guidelines for setting award levels. In 1988, policy makers went even further by making income-withholding automatic and by making guidelines presumptive. States were also required to establish paternity for all children born outside of marriage. Most recently, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) calls for additional child support enforcement mechanisms and requires states to increase their paternity establishment rates (Garfinkel, McLanahan, and Meyer1998).

Despite this new legislation, the proportion of eligible children who receive a child support payment has not changed very much since the late 1970s. According to Sorensen and Halpern (1999), 30 percent of children received some child support income in 1976 as compared to 31 percent in 1997. To account for the apparent lack of progress in child support receipts, analysts have proposed several explanations, including high inflation, increases in women's economic independence, shifts in the composition of mother-only families, changes in divorce law, and ineffective policies. Each of these explanations seems plausible and each has some empirical evidence to back up its claim. Nevertheless, after twenty-five years of child support reform and after numerous empirical assessments, we still lack a clear understanding of the relative importance of these economic, demographic, and political factors in accounting for child support payments.

In this study, we use data from the PSID to examine trends in child support payments over the past thirty years and to assess the relative importance of the five explanations described above. No other study has examined payments over such a long period of time, and no other

study has examined all five explanations together. We take advantage of the natural variation in policy regimes across states and over time to identify the effects of divorce and child support laws on child support payments.

The findings suggest that political, demographic and economic forces all exerted downward pressure on child support payments during this thirty-year period, with inflation and the shift to unilateral divorce being more important during the earlier years, and changes in marital status and declines in male earnings being more important during the later years. These negative forces were offset by new child support legislation that increased payments, including numeric guidelines, universal withholding, and genetic testing.

The next section of the paper reviews various arguments for why child support payments have not shown more improvement. The third section describes the data and variables. The fourth section examines the effects of inflation, earnings, demography, and policies on child support payments. And the fifth section summarizes our results and draws conclusions.

Trends and Explanations

The most complete information on child support comes from the April CPS-Child Support Supplement (CSS), which was introduced in 1979 and which has been repeated every other year since 1982. The supplement asks eligible mothers whether they have a child support award, how much they are owed, and how much they actually receive. Researchers have used these data to examine trends in the different components of child support payments – award rates, award levels, and payment rates – since 1978 (Robins 1992; Beller and Graham 1993; Hanson et al. 1996). According to this research, award rates and payments for new cases

declined between 1978 and 1989 (Hanson et al 1996), with the greatest declines in award rates occurring between 1981 and 1983 and the greatest declines in payments occurring between 1978 and 1981. Other researchers have used data from the March CPS (which collection information on income) to examine trends in payment rates, whether a mother received any child support (Freeman and Waldfogel 2001; Sorensen and Halpern 1999). These researchers find a similar pattern for the same time period.[1]

To account for the overall lack of progress in child support payments, researchers have pointed to one of five different factors: inflation, the shift to unilateral divorce, changes in marital status composition, changes in men's and women's earnings, and ineffective child support laws. Each of these arguments is describe below, along with the empirical evidence for each.

The Inflation Hypothesis

Inflation is one reason why child support payments may have declined during the past several decades. Inflation affects payments in two ways: by eroding the value of existing awards, and by holding down in real terms the amount of new awards. The first problem – money erosion – occurs because existing child support orders are rarely indexed to inflation. Thus, during periods of high inflation, the value of awards declines rapidly. The second problem – money illusion – may occur in times of inflation, if judges, lawyers, and parents are not fully cognizant of the cost of purchasing a bundle of goods in the year in which a child support award is set.

Graham (1995) has been a leading proponent of the inflation hypothesis. According to his analysis, inflation can account for about 90 percent of the decline in new awards between 1978

and 1985. Graham also proposes that *persistent money illusion,* defined as the failure to take full account of inflation over a period of time, is responsible for the decline although he does not test this hypothesis directly. In contrast, Robins (1992) finds that inflation accounts for only about 13% of the decline in *all* (both old and new) child support awards between 1978 and 1985. He also notes that although inflation was very high between 1978 and 1981, it was moderate before and after this period. Finally, Hanson and his colleagues (1996) find that the trend in the real value of new awards between 1979 and 1990 closely (negatively) mirrors the trend in inflation rates, which is consistent with the money illusion hypothesis, in which judges (and/or parents) fail to take account of inflation, resulting in large annual declines in the real value of new awards. They also note that the hypothesis is difficult to test because the Consumer Price Index (CPI) contains no cross-sectional variation and may be picking up a time trend.

The Unilateral Divorce Hypothesis

A second argument for the lack of improvement in child support awards and payments is the change in divorce law. According to this argument, the switch to unilateral divorce (also referred to as "no-fault"), which occurred in most states during the 1970s, reduced women's bargaining power in divorce and therefore reduced their ability to obtain generous child support awards (Peters 1986). Under traditional family law, the partner who does not want the divorce has more power than the partner who wants the marriage to end because both parties must agree in order for the divorce to occur. Under unilateral divorce, this power no longer exists. If one assumes that women are less likely to want a divorce than men (because the economic costs of divorce are higher for women), it follows that the shift to unilateral divorce would have reduced

women's bargaining power and therefore the value of their child support awards.

Several studies have examined the effects of divorce law on child support and alimony. Weitzman (1985) and Peters (1986) both find that alimony and child support are significantly lower in states with no-fault or unilateral divorce laws. In contrast, Jacobs (1989) finds that the effects of no-fault divorce are either modestly benign or neutral for women.[2]

The Demographic Composition Hypothesis

A third reason for the lack of improvement in child support payments is the change in the marital status of the population of women eligible for child support. In 1976, the vast majority of single mothers (83 percent) were divorced or separated. By 1997, the proportion was just over half (54 percent) (Sorensen and Halpern 1999). The shift in marital status has made it more difficult to obtain a child support award, and it also has reduced the value of the average child support award. Before a child support order can be set, a never-married mother must first establish paternity. Therefore, child support awards are less common among never-married mothers. Furthermore, the average unmarried father is less educated than the average divorced father, and therefore, his child support order is likely to be lower. The fathers of children born outside marriage also have less incentive to pay child support since a large proportion of their children receive welfare and can keep only $50 of child support per month. In addition to changes in the marital status composition of the single mother population, family size also has declined during the past three decades as the baby boom cohort has grown up and fertility rates have decreased. Thus, we would expect the average child support payment per household to be lower today that it was thirty years ago.

Several studies have provided empirical support for the demographic composition

hypothesis. Beller and Graham (1993) show that a never-married mother is less likely to have a child support award than is a formerly married mother, and the amount of her award is lower. According to their analysis, changes in marital status can explain a large portion of the decline in award rates (the proportion of single mothers with an award) between 1978 and 1985. Hanson and his colleagues (1996) also find that changes in the marital status of mothers eligible for child support can account for much of the decline in award amounts between 1978 and 1989. With respect to family size, several studies have shown that declines in fertility have contributed to the decline in child support payments, but no one has highlighted the fertility component or assessed its relative importance.

The Women's Economic Independence Hypothesis

A fourth explanation for why child support payments have not shown much improvement is women's (mothers') economic independence. Women's earnings increased dramatically during the 1970s and 1980s, while the earning of men with less than a college education declined. According to the independence hypothesis (Robbins 1992), judges responded to the relative improvement in women's economic position by lowering their expectations about the amount of child support nonresident fathers should be required to pay. Women's growing economic independence also may have made men feel less obligated to support their former partner and nonresident children and it may have made mothers more forgiving.

The empirical evidence on the independence hypothesis suggests that child support awards and payments are affected by changes in men's and women's earnings. Estimates of the magnitude of this effect, however, are not robust to the data used or to the specification chosen. Using macro-level data, Robbins (1992) finds that the increase in female earnings can account

for most of the decline in child support awards between 1978 and 1985. In contrast, Hanson et al. (1996) find much smaller effects, using micro-level data for the period 1978 to 1989. Graham (1995) also finds smaller effects in his analysis of new awards.

Government Failure – Ineffective Child Support Policies

A final reason for why child support payments have not improved is ineffective child support policies or government failure. According to this argument, states have been slow to pass or slow to implement child support policies, and thus the effects of the new legislation on child support payments have been minimal. Alternatively, child support policies may have been effective, but their effects are masked by factors such as inflation, shifts in marital status, changes in divorce law, and the closing of the gap in men and women's earnings.

Several researchers have examined the effects of child support policies on trends in payments and the different components of payments – award rates, award levels, and collection rates (Garfinkel and Robbins 1994; Beller and Graham 1993). These studies provide some evidence that child support policies such as wage withholding, legislative guidelines, paternity establishment statutes, and tax intercepts *do* have positive effects on payments. However, the studies do not measure the size of the effects nor do they control for unobserved differences across states.

More recently, Sorensen and Halpern (1999) use fixed effects models to examine the effects of child support policies on the receipt of *any* payment. They find that six policies – immediate wage withholding, presumptive guidelines, state income tax intercept, in-hospital paternity establishment, directory of new hires, and a $50 pass-through – can account for 56 percent of the improvement in receipt rates among never-married mothers and for 33 percent of

the improvement among formerly married mothers. Freeman and Waldfogel (2001) take a somewhat different approach to estimating the effects of Child Support laws on payments. They argue that a particular law is not as important as the total number of laws on the books. They also note that child support laws are not effective unless they are actively implemented. To measure the legal environment, they construct an index of child support enforcement that is simply the number of laws a state has on the books. To measure implementation, they use state child support expenditures (per absent-father family). They find that states with the most laws and highest expenditures also have the highest rates of child support receipt.

Data and Methods

Our analysis is based on data from the Panel Study of Income Dynamics (PSID), a longitudinal study that started with approximately 5,000 U.S. households in 1968 and has followed individuals from these households and their children through the 1990s. Because the original focus of the study was income and poverty (for details of the study design, see Hill 1992), the 1968 sample included an over-sample of low-income households (called the SEO sample) as well as a national probability sample of households (called the SRC sample). The data are collected annually[3] and contain rich information on changes in economic and demographic behavior. In this study, we pool female-headed households in which at least one child under age 19[4] is present over the period 1968 and 1997. The sample we use in our analysis includes 3,149 female-headed households and 19,825 household-year observations. Among these observations, 73% are taken from the SEO sample and 27% are taken from the SRC sample. The PSID has a number of advantages for studying child support trends. First, the survey contains

information on the *amount* of child support received each year, dating back to the late 1960s. No other national survey provides annual information on child support payments over such a long period of time. The CPS asks whether households receive *any* child support, starting in 1968, but this survey does not ask about the *amount* of child support received until 1979. If we want to understand the effects of inflation, divorce laws, and shifts in fertility, we need data for the 1970s, when these changes were most pronounced. We also need data on the *amount* of child support received. Another attractive feature of the PSID is that these data contain a large number of low-income single mothers, which allows us to examine the effects of policies and other variables on the subgroup that is most likely to be affected by policies – single mothers on welfare.

The major limitation of the PSID is that it does not provide information on whether a mother ever obtained a child support award or the amount of the award. Thus, our measure of child support payments confounds trends in award rates, award amounts, and collection rates (the proportion of the award that is paid). If the primary aim of our analysis were to identify the effects of policies on specific components of the child support system – award rates, award amounts, and collection rates – the lack of data on these components would be a serious limitation. However, if the major aim is to examine the effects of multiple economic, demographic, and policy variables over a long period of time, then the PSID are the best available data despite their limitations. We also point out that attempts to determine the effects of policies on specific components may produce misleading results, since policies designed to affect one component of the collection process may affect others as well. For example, if income withholding increases the chances that child support order will be paid, a mother may be more

motivated to get an award and to maximize the amount of the award. In this case, income withholding affects all three components.

Measures

The dependent variables in this analysis are (1) whether the mother received any child support (or alimony), and (2) the amount of child support (or alimony) received. The PSID provides the actual amount of payments except for the information collected in the years of 1968 and 1969. For these two years, we only know how many households received support in bracket amounts. In order to make these two years of information comparable to the information from the rest of the years, we use the mid-point in each bracket. As results shown in Table 1, in 1968, more than one-third of the household-year observations received any child support and in 1997, nearly half received something (Note that the information in Table 1 uses weights provided by the PSID to adjust for selection probability and nonresponse.) As for the amount of child support received (reported in 1982 dollars), in 1968, the average yearly payment was $1,549.98 and in 1997, the average payment was $1,356.35. That the average yearly payment for all years taken together is substantially lower ($1,093.44) than either the average payment in the first or last year of our sample is consistent with the decline and later rebound in child support that we will analyze at length in what follows.

(Table 1 about here)

The explanatory variables in our analysis include mothers' marital status, age, education, race, number of minor children in the household and whether respondent was in the SEO or SRC sample. Among the 19,825 household-year observations, 78% (=1-0.22) of the mothers who are

eligible for child support are formerly married. This percentage changed markedly between 1968, when only 8% of the mothers in our sample were never-married, and 1997, when 36% were never-married. The average age of the mothers is 34.31 and the mean years of educational attainment is 12.45. On average, the total number of children in the household is just under two (data not shown). There were more children in these child support eligible households in 1968 (about 2.6), and fewer in 1997 (about 1.8 per household). Among these observations, 57% of the mothers are white (including Hispanics), 38% are blacks, and 5% belong to another race or ethnicity.[5]

The inflation rate and female-to-male earnings ratio are measured at the national level. To compute the inflation rate for year *t*, we first take the difference between the CPI in year *t* and the CPI in year *t-1* and divide the difference by the CPI in year *t-1*. Inflation was higher in the middle of our 30 year period, which is reflected in the fact that average inflation in 1968 (4.34 percent) and in 1997 (2.29 percent) are lower than the overall average rate of 5.09 percent. In the individual level analysis we create a measure of cumulative inflation for each household, which is based on the annual inflation rates for the years in which the mother was eligible for child support.

The information on female and male earnings is taken from the March Current Population Surveys. We estimate the ratio of median female earnings to median male earnings using full-time workers who are between the ages of 18 and 55. Women's wages gained relative to men's wages over this period. In 1968 women's full time earnings were 58% of men's; by 1997 women's full-time earnings were over 77% of men's. To measure changes in the ability of low-income fathers to pay child support, we construct a variable that is the product of mother's

having no high school degree and survey year. We assume that mothers without a high school degree are partnered with men with similar education and we interpret this variable as measuring "father's ability to pay child support." We expect the interaction term to have an additional negative effect on child support payments, beyond changes in male and female median wages. In 1968 nearly 40% of the mothers in the sample lacked a high school degree, whereas by 1997, less than 20% had no degree. While high school graduation rates increased markedly during this 30-year period, the 'effect' of not having a degree became much more negative.

The data on unilateral divorce law and child support laws are measured at the state-year level. The child support laws[6] used in this analysis include (1) genetic testing, (2) paternity establishment-18, (3) withholding due to delinquency, (4) immediate withholding, (5) universal withholding, (6) numeric guidelines, (7) presumptive guidelines, and (8) state income tax intercept. Genetic testing indicates that information on fathers' genetic make-up may be used to establish paternity. Paternity establishment-18 indicates that paternity may be established any time until the child reaches age 18. Withholding due to delinquency refers to withholding child support from nonresident parent's earnings when they miss payments for a specified number of days. Immediate withholding refers to withholding when the child's mother is receiving welfare. Universal withholding refers to withholding in *all* child support cases, both welfare and non-welfare cases. Numeric guidelines indicates that the legislature has established guidelines for setting child support awards and presumptive guidelines indicates that judges are required to use numeric guidelines except for "good cause." The state income tax intercept indicates that the state can withhold a father's income tax refunds if he is delinquent in his child support payments. Each law indicator equals 0 for the years before the law was enacted and 1 for the year in which

the law was passed and the years after the law was passed.

Results

We begin by looking at the trends in child support payments and other variables to see if they are consistent with the arguments described in the beginning of the paper. Figures 1a and 1b report trends in child support payments between 1968 and 1997 for the SRC and SEO samples. Figure1a reports the trends in payments rates (the proportion of single mothers with any payment), and Figure 1b reports trends in payment amounts.

(Figures 1a and 1b about here)

In Figure 1a, the SRC trend line shows an increase in the early 1970s, followed by a decline between 1973 and 1984. After 1984, payment rates increase sharply, level off and then rise again in the early 1990s. In Figure 1b, the trends mirror those in Figure 1a. The average payment increases in the early 1970s, falls by nearly two-thirds between 1973 and 1984, and recovers sharply after 1984. The pattern for the SEO sample shows an even greater increase in payments in the 1990s. Based on Figures 1a and 1b, we conclude that the lack of improvement in child support payments during the last three decades conceals two offsetting trends – a decline in child support during the 1970s and early 1980s, and a recovery from the mid 1980s to the mid 1990s. A complete explanation of the changes in child support payments must account for both these trends.

Inflation

Figures 2a and 2b show the trends in inflation rates and cumulative inflation. Figure 2a

reports annual inflation rates between 1968 and 1997 and Figure 2b reports the trend in the value of the dollar over the same period.

(Figures 2a and 2b about here)

In the 1970s, inflation rates are high – above 6 percent nearly every year. In four years – 1974, 1979, 1980 and 1981 – rates are above 10 percent! In the 1980s and 1990s, inflation rates are low – below 6 percent during the 1980s and below 4 percent during the 1990s. By comparing Figure 2a with Figure 1b, we can see that high inflation rates coincide with falling child support payments.

Figure 2b shows the cumulative effects of inflation on the value of a dollar between 1968 and 1997. The parallel between this trend and the trend in child support payments during the 1970s is striking. The value of the dollar drops by two thirds between 1969 and 1984, which is identical to the decline in the value of the average child support payment during this period. Both figures suggest that inflation could account for practically the entire decline in child support payments during the 1970s and early 1980s. While it is tempting to attribute changes in child support to inflation, at least one piece of evidence suggests that inflation is not the entire story. According to Figure 1a, the child support payment rate, which is not directly affected by inflation, also fell during the 1970s.

If declines in child support awards were due to money illusion, we would expect the nominal value of the average child support payment to be constant even though its real value is declining. This is exactly the pattern we observe in Figure 2c. During the 1970s and early 1980s, nominal child support payments are constant.

(Figure 2c about here)

A comprehensive test of the money illusion hypothesis would require an examination of the trend in new child support awards, rather than trends in actual payments. Our time series is determined by the amount of old as well as new awards and is also affected by the collection rate – the proportion of all awards that is actually paid. The trend line in Figure 2c provides only a partial reflection of what has been happening to new awards, as we see them only as part of all payments. However, if new awards were resulting in higher payments, we would expect to see our average nominal payments increasing over time in Figure 2c. At most, we can say that pattern is consistent with the argument that decision-makers were unaware of the fact that real child support payments were declining during the 1970s and early 1980s.

No Fault Divorce

Figure 3 reports the trend in the adoption of unilateral divorce laws. According to this figure, unilateral divorce rose dramatically between 1968 and 1997. In 1970, 42 states adhered to traditional consent-based divorce; by 1992, only 17 states had such laws. Most of the decline had occurred by 1977, by which time all but 20 states had adopted unilateral divorce laws.

(Figure 3 about here)

While changes in divorce law coincide with the beginning of the decline in child support payments, divorce law cannot explain the reversal of the trend during the 1980s and 1990s. Moreover, our previous figures suggest that most of the decline in child support during the 1970s can be accounted for by inflation. Thus the question we must ask in the multivariate analysis is whether changes in divorce law can account for any additional decline in child support payments and payment rates, after taking inflation into account.

Demographic Composition

Figures 4a – 4c report trends in demographic variables. Figure 4a reports the proportion of single mother families that are headed by formerly married and never-married mothers between 1968 and 1997. The numbers are based on the SRC sample only (in order to be nationally representative). Figure 4b shows that the proportion of mothers who were formerly married declined from about 85 percent in 1968 to about 70 percent in 1997. These trends are very similar to the trends reported in the CPS,[7] although the proportion of ever-married mothers is higher in the PSID than the CPS. The discrepancy is probably due to the fact that the PSID classifies women who cohabit as 'married' after one year (and formerly married if they separate after another year).

(Figures 4a, 4b, and 4c about here)

The shift in the marital status of single mothers is a plausible argument for explaining some of the decline in child support payments during the 1970s. However, after 1984, the trends diverge and child support payments increase while the proportion of ever-married mothers continues to decline. This means that the shift in marital status composition was exerting downward pressure on child support payments during the 1980s and 1990s. Stated differently, the child support enforcement system had to work harder to achieve a constant payment level. Considered in this light, the increase in payments after 1984 is even more impressive than it originally appears to be. The drop in family size is also a potentially important part of the story for declining child support awards in the 1970s. According to Figure 4c, the number of children per household declines sharply during the 1970s and then levels off during the 80s and 90s.

Men's and Women's Earnings

Figure 5a reports the trends in male and female earnings between 1968 and 1997 for full-time workers aged 18 to 55 and Figure 5b reports the trend in the ratio of the female-to-male earnings.

(Figures 5a and 5b about here)

According to Figure 5a, the real earnings of full-time male workers do not change very much between 1968, when they are about $19,100, and 1997, when they are about $18,000. Male earnings fluctuated modestly throughout this period, with declines in male median wages recorded during two recessions (one in the early 1980s and one in the late 1980s). Female earnings, in contrast, more or less increased steadily throughout this period, with the median increasing from $11,000 in 1968 to over $13,800 in 1997. Figure 5b shows the trend in the ratio of female to male wages. In 1968, women working full time earned about 60 percent of what men earned; by 1997, this had increased to roughly 75 percent. From 1970s through the early 1980s, the trend in the ratio of female/male earnings is consistent with the argument that increases in women's independence may have led parents (and judges) to lower their expectations about how much child support fathers should pay. However, after the early 1980s, the pattern does not fit the argument. These trends in median earnings may not capture change in male and female earnings at the bottom end of the income distribution. In the regression analysis that follows, we use an additional measure of mothers' human capital (the interaction between no high school degree and survey year) to measure declines in the ability to pay child support among men at the bottom end of the distribution

Child Support Policies

The final explanation for the lack of improvement in child support payments is ineffective child support policies. Figures 6a and 6b show the fraction of all states that had in place eight different child support laws each year between 1968 and 1997. These figures make clear that there was a good deal of variation across states and across time in law changes, with some legislation largely enacted in 1970s, and other legislation not passed until the 1980s or even later. One of the earliest child support enforcement policies enacted by the states was the withholding of child support payments when a nonresident parent was delinquent in payment. The top right panel of Figure 6a shows that states had begun to withhold delinquent payments in 1971, and that by 1984 almost two-thirds of all states were withholding delinquent payments. In contrast, immediate withholding and universal withholding began only in 1984, and it was only after 1988 that a majority of states had enacted legislation on immediate withholding. Figure 6b shows a relatively long diffusion of legislation covering genetic testing and paternity establishment to age 18. In the regression analysis that follows, we will attempt to identify the effect of each law, making use of the fact that states varied in the timing and sequencing of law changes.

(Figures 6a and 6b about here)

Regression Analyses

We conduct a more rigorous test of the five arguments by examining all of these factors together. Table 2 presents the coefficients from models that regress child support payments on mother's marital status, number of children, mother's completed education, an indicator that

mother did not finish high school, and that indicator interacted with a time trend, mother's exposure to cumulative inflation (measured at the individual-year level), the average annual ratio of female to male earnings (measured at the national-year level), whether the state in which a mother lived had adopted (or enacted) unilateral divorce, and 8 different child support policies (measured at the state-year level). All of the models include indicators for mothers' age, age squared and age cubed, mother's race (indicators for white, black or other race), whether mother was in the SEO sample, and a linear time trend. Columns 1 through 3 in Table 2 report estimates from models that do not include state indicators (fixed effects) and columns 4 through 6 report estimates from models that include state indicators. State fixed effects allow us to control for differences between states that are constant over time.

(Table 2 about here)

Looking first at mother's characteristics, we find that marital status, number of children and education all have statistically significant effects on child support receipts, with or without controls for state fixed effects (columns 3 and 6). The ***martial status*** and ***family size*** coefficients are of particular interest in this analysis. According to Table 2, never-married mothers receive less child support than formerly married mothers, even after adjusting for other characteristics of the mother and even after taking account of differences across states (columns 6). Never-married mothers receive almost $200 fewer dollars of child support on average than do formerly married mothers, holding all else constant. The number of minor children in the household has a positive effect on child support receipts, which is what we would expect given that child support is awarded on a child-by-child basis. Each child between 6 and 12 increases payments by about 83 dollars, and each child between 13 and 18 increases payments by about 94 dollars. These results

support the argument that changes in marital status and family size contributed to the change in child support payments per household.

In addition to these demographic characteristics, increases in mothers' education had a positive effect on child support payments. On average, mothers receive about $125 dollars more annually in child support for each additional year of education. Since men and women tend to mate with people like themselves, mother's education is likely to be highly correlated with father's education and therefore is picking up the effect of father's education and income. Note that the effect of mother's education is much larger for formerly married mothers than for never-married mothers, which may be due to the fact that formerly married fathers have a closer relationship with their children than never-married fathers.

Exposure to ***inflation*** is also a strong predictor of child support payments, even after taking account of other variables (column 6). A one-percentage point increase in mothers' cumulative inflation reduces her annual real child support payment by about $7, on average. The effect of cumulative inflation is much larger for formerly married mothers than for never-married mothers, which is due to the fact that a high proportion of never married mothers receive *no* child support.

The ***female/male earnings ratio*** has no significant effect on child support receipts, when we control for women's characteristics, inflation, and state child support laws. However, the interaction between mother' ***low education and survey year*** is significant for never-married mothers. We interpret this variable as capturing the effect of the decline in earnings of low skilled men, which began in the 1970s and continued throughout the 1980s and into the 1990s. Among never-married mothers (column 4), child support receipts decline by nearly $10 for each

unit change in the interaction variable. The fact that the interaction coefficient is only significant for never-married mothers is not surprising. Most of the mothers without a high school degree are never-married. Moreover, formerly married mothers with very low education are likely to be selective in ways that may be related to fathers' ability to pay child support, e.g. they may be married to men with higher education or a stronger commitment to children.

State adoption of ***unilateral divorce*** legislation has a large, negative, and significant effect on the child support received by ever-married woman, once we control for state fixed effects (column 5). We find no significant effect of unilateral divorce laws on the child support received by never-married women, which is consistent with the mechanism through which one might imagine unilateral divorce laws affecting child support. On average, once a state allows unilateral divorce, real child support payments are lower by $300 for ever-married women.

Finally, the coefficients for the child support policies indicate that two policies are significantly related to child support receipts. ***Universal withholding*** significantly increases child support receipts. For ever-married mothers, universal withholding is associated with an increase in child support payments of nearly $200 annually, holding all else constant. The fact that withholding has a larger effect on formerly married mothers than on never-married mothers is not surprising, since the former are much more likely to have a child support award. We also would expect universal withholding to have a larger effect than immediate withholding, since the later applies only to mothers on welfare whereas the former affects all mothers. ***Numeric guidelines*** also increase child support payments for ever-married women, by nearly $200 annually. As was true for universal withholding, the guidelines coefficient is larger for ever-married mothers. The fact that guidelines affect payments is consistent with the argument that

most child support awards are set by parents who bargain "in the shadow of the law" (Mnookin and Kornhauser 1979). The rest of the policy variables have no significant effect on child support receipts, for never-married mothers or for ever-married mothers. There are several states that have no state income tax, from which tax returns could be withheld. When we remove this variable from the analysis (in regressions run, but not reported in Table 2), the picture that emerges is much like that seen in column 6: inflation and unilateral divorce significantly reduce child support payments, while universal withholding and numeric guidelines significantly increase child support payments.

Table 3 reports a similar set of results, using any payment rather than amount of payment as the dependent variable, and estimating the probability of receipt using probits. The overall pattern is much the same as that in Table 2, only the effects are generally weaker. As before, never-married mothers are less likely to receive child support, whereas years of education and number of children increase payment rates. Inflation reduces the likelihood of receiving a payment, as does unilateral divorce. Most important, genetic-testing increases the likelihood that a never-married mother will receive a child support payment, which is exactly what we would expect. Genetic testing is used to establish paternity for children born outside marriage and is only relevant for cases in which the parents never marry. In contrast to the previous table, neither universal withholding nor numeric guidelines are significantly related to child support receipt. However, withholding after a case becomes delinquent increases payments rates.

(Table 3 about here)

Simulations

To assess the relative importance of the economic, demographic, and policy variables, we simulated what the average child support payments would have been in 1997 if none of these variables had changed between 1968 and 1997. We also computed the percentage changes for each category that had a significant coefficient ($p < .10$).

(Table 4 about here)

Looking first at demographic changes, we see that without the decline in fertility and shift in marital status, the average child support payment would have been 8 percent higher in 1997 than it was. The percentage effect is larger for never-married mothers than for ever-married mothers.

Economic changes also are an important part of the story. If there had been no inflation since 1968, the average child support payment would have been 19 percent higher in 1997. Inflation is much more important for ever-married mothers than for never-married mothers because the latter are less likely to have a child support order. Whereas inflation is important for ever-married mothers, the decline in the wages of low skilled men is very important for never-married mothers. If there had been no change in the returns to education since 1968, child support payments would have been 20 percent higher among never-married mothers.

Finally, policy variables matter, especially for ever-married mothers. Without the shift to unilateral divorce, child support payments would have been 10 percent higher among ever-married mothers. Similarly, without the enactment of new child support policies – specifically

universal withholding and numeric guidelines, child support payments would have been 23 percent lower.

Summary and Conclusions

Child support is an important source of income for single mothers and their children, and federal and state laws play a major role in determining whether and how much child support a family receives. Given that over 50 percent of children born in the past decade will be eligible for child support before reaching adulthood, and given that many of these families will live below or just above the poverty line, understanding trends in child support payments should be of great interest to social scientists and demographers who care about inequality and the wellbeing of women and children.

The analyses presented above show that child support payments are determined by multiple factors, some of which are under our control and others of which are not. During the 1970s and 1980s, high inflation, increases in non-marital childbearing, declines in the earnings of low-skilled men, and the passage of unilateral divorce laws all converged to exert downward pressure on child support payments. Until the mid 1980s, the federal government and most states treated child support obligations as a private matter and average real payments declined sharply.

By the mid 1980s, things had changed. Inflation had returned to normal levels and the federal government had begun to take a more proactive role in enforcing child support obligations. Consequently, although increases in non-marital childbearing and declines in the returns to low education continued to exert downward pressure, child support payments overall begin to rise. This trend has continued throughout the 1990s.

For never-married mothers, the major barrier to higher child support payments has been the decline in the earnings capacity of low-skilled men. This decline has made it more difficult for officials to establish paternity and to collect children support obligations. For ever-married mothers, inflation has been the major factor behind the decline in child support payments, followed by the changes in divorce law. Nearly 20 years ago, Lenore Weitzman (1985) argued that no-fault divorce harmed women by affecting the distribution of marital property. The results presented here are the first to show that changes in divorce law also led to declines in child support contributions. [8]

What can be done to increase child support payments?

Our findings indicate that at least three child support policies – genetic testing, legislative guidelines for awards and universal wage withholding – are important for assuring that nonresident parents support their children. They also suggest that universal withholding – which targets all eligible children – is more effective than automatic withholding – which is limited to families on welfare. For never-married mothers, genetic testing is the key. Unless paternity is established, there can be no child support obligations and no payment. For ever-married mothers, guidelines and withholding are important.

In addition to highlight particular policies, our analysis suggests that inflation and the decline in the earnings of low-skilled parents are important variables in building an effective child support system. Because inflation can erode the value of awards over a long period of time, indexing guidelines and awards to changes in the cost of living would make sense. Making sure that policies treat low-income fathers fairly is also important. Research has shown that fathers

who perceive the system as fair are more likely to pay child support (Lin, 2000). Yet ethnographic studies suggest that many low- income parents view the system as unfair (Edin, 1995; Waller and Plotnick 1999). Negative perceptions are due in part to the fact that child support guidelines do not take account of fathers' irregular employment patterns and in part to the fact that child support payments usually go to the state rather than to the child, if a mother receives welfare. Such practices are likely to exert downward pressure on future gains in child support.

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[1] The March CPS data are inferior to the April Child Support Supplement insofar as they do not contain information on award rates or award amounts. They are superior, however, insofar as they provide a longer time series. Moreover, the April supplement changed it's questions in 1992, which resulted in the under-reporting of never-married mothers eligible for child support.

[2] Jacobs and Peters use different rules to classify states. Peters uses a two-category coding scheme – unilateral and mutual. If a state provides for both types of divorce and if there is a long waiting period for unilateral divorce, she classifies the state as mutual. Jacobs uses a three-category coding scheme – mutual only, unilateral only, and mixed (states that provide for both types of divorce. Lenore Weitzman focuses on California, which switched from mutual-only in 1969 to unilateral only in 1970.

[3] However, the PSID is conducted every other year starting from 1997 on.

[4] The PSID individual-level file contains information about individual's year of birth and his or her age. We found a couple of individuals who have inconsistent birth years and whose birth year does not match with their age. When the inconsistency in birth years occurs, we take the mode of all observed birth years for that individual. If the information about birth year is missing, we use age reported in the first year we observe the individual to compute his or her year of birth.

[5] In 1990, a new sample of Hispanic households was added to the survey. Since the focus of this paper is about the trends of child support payments over the past three decades, this new sample is excluded from the analysis.

[6] The information on child support laws comes directly from state statutes and was compiled by James Scully.

[7] The CPS reports 72% of mothers as divorced or "married, spouse absent" in 1968, and 57% in 1997.

[8] Weitzman (1985) and Peters (1986) analyses of the effects of unilateral divorce on alimony and child support were based on cross-state comparisons, whereas our analysis examines within-state changes over time.

Table 1. Weighted Sample Means 1968-1997

	Sample average for 1968 only	Sample average for the period 1968-1997	Sample average for 1997 only
Any alimony and child support	0.39	0.38	0.46
Alimony and Child Support (1992 dollars)	1549.98	1093.44	1356.35
Proportion never-married mothers	0.08	0.22	0.36
Mother's age	35.82	34.31	36.02
Proportion black	0.39	0.38	0.40
Proportion White	0.57	0.57	0.55
Mother's completed education	11.44	12.45	12.67
Mother less than high school	0.39	0.23	0.18
Number of children 0-5	0.61	0.47	0.39
Number of children 6-12	1.11	0.79	0.66
Number of children 13-18	0.85	0.62	0.74
Proportion SEO sample	0.50	0.36	0.21
Female/Male wage ratio	0.58	0.67	0.77
Inflation rate (percent)	4.34	5.09	2.29
Cumulative inflation rate (percent)	4.34	38.90	33.69
Number of unweighted observations	484	19825	736

Notes on Table 1. Years of education are missing for 4 observations in 1968, for 21 observations in 1997, and over all years for 129 observations. The female/male wage ratio, calculated using March CPS, is the ratio of median earnings women working full-time relative to the median earnings of men working full-time in each year. This earning ratio reported in column two is average annual rate.

Table 2. Alimony and Child Support Received 1982 Dollars, PSID 1968-1997

	Never married	Ever married	All	Never married	Ever married	All
Woman has never married (1=yes)	-	-	-193.64	-	-	-183.00
			(42.44)			(46.35)
Years of completed education	39.48	126.98	121.37	44.80	130.96	124.77
	(23.28)	(25.28)	(21.06)	(21.36)	(25.07)	(20.93)
Less than high school graduate	172.43	64.18	70.27	204.92	19.70	56.90
	(85.81)	(148.74)	(120.80)	(84.87)	(146.42)	(119.50)
Time trend	-5.07	5.97	-0.68	-3.93	10.73	5.61
	(6.34)	(13.96)	(10.54)	(6.57)	(14.71)	(10.77)
Less than high school graduate * (Year-1968)	-8.70	-10.19	-4.27	-10.36	-6.69	-3.59
	(3.93)	(7.42)	(5.45)	(3.79)	(7.31)	(5.43)
Number of children aged 0-5	58.83	-63.65	-10.08	69.02	-54.25	-6.09
	(23.33)	(33.42)	(21.94)	(21.99)	(34.31)	(23.08)
Number of children aged 6-12	31.07	79.98	78.28	32.86	88.56	82.79
	(22.41)	(31.12)	(23.80)	(20.75)	(31.79)	(23.97)
Number of children aged 13-18	-13.06	97.51	86.54	-16.17	107.23	94.41
	(30.83)	(30.02)	(25.90)	(29.51)	(29.94)	(25.54)
SEO status (1=yes)	-17.51	-19.38	-75.79	24.94	-55.08	-96.23
	(64.35)	(90.21)	(67.07)	(55.66)	(93.82)	(69.66)
Cumulative inflation rate	-0.83	-8.11	-6.77	-0.98	-8.35	-6.86
	(0.71)	(0.98)	(0.77)	(0.70)	(1.00)	(0.77)
Female/male wage ratio (*100)	350.99	-1759.88	-985.94	861.59	-1065.60	-399.45
	(613.48)	(1686.50)	(1108.21)	(606.10)	(1727.33)	(1110.05)
Genetic testing (1=yes)	91.06	156.13	155.73	-13.34	-87.64	-72.97
	(33.26)	(79.43)	(55.29)	(37.04)	(91.92)	(63.10)
Withholding for delinquent payments (1=yes)	-82.28	10.65	-6.87	-5.96	-9.97	-2.84
	(34.14)	(76.45)	(57.55)	(39.27)	(96.65)	(64.96)
Immediate withholding enacted (1=yes)	86.57	239.12	183.05	2.61	86.24	55.49
	(52.41)	(141.62)	(86.90)	(49.76)	(122.65)	(76.07)
Universal withholding enacted (1=yes)	17.65	70.73	43.19	26.01	187.08	110.00
	(50.78)	(102.01)	(65.64)	(46.37)	(98.93)	(63.38)
Paternity established to age 18 (1=yes)	30.73	-115.04	-73.39	23.13	51.03	41.47
	(35.39)	(71.98)	(53.15)	(37.32)	(81.76)	(58.76)
State has numeric guidelines (1=yes)	35.91	192.23	132.70	21.73	186.61	129.47
	(51.90)	(104.77)	(70.07)	(50.16)	(108.76)	(73.29)
State has presumptive guidelines (1=yes)	-67.17	-203.38	-156.34	-18.05	-206.17	-143.17
	(57.57)	(165.33)	(102.32)	(56.51)	(151.52)	(93.25)
Income tax return intercepted (1=yes)	16.00	-41.06	-38.65	-13.98	-76.87	-71.96
	(36.21)	(74.43)	(52.98)	(43.67)	(86.79)	(58.98)
State allows unilateral divorce (1=yes)	-29.66	-0.78	-2.28	-55.37	-303.10	-288.49
	(37.30)	(75.94)	(54.57)	(146.62)	(144.83)	(128.40)
State indicators?	No	No	No	Yes	Yes	Yes
Number of observations	5410	11936	17346	5410	11936	17346

Notes to Table 2. All regressions include age, age squared, and age cubed, indicators that the respondent is black or other race. Robust standard errors appear in parentheses, where correlation is allowed between unobservables for the same woman followed over time.

Table 3. The Change in the Probability of Any Alimony or Child Support Receipt
PSID 1968-1997

	Never married	Ever married	All	Never married	Ever married	All
Woman has never married (1=yes)			-0.104			-0.094
			(0.017)			(0.017)
Years of completed education	0.007	0.017	0.017	0.013	0.021	0.021
	(0.008)	(0.006)	(0.005)	(0.008)	(0.006)	(0.005)
Less than high school graduate	0.041	-0.047	-0.042	0.058	-0.049	-0.037
	(0.060)	(0.040)	(0.033)	(0.060)	(0.040)	(0.033)
Years	-0.005	0.001	-0.002	-0.006	0.000	-0.002
	(0.003)	(0.003)	(0.002)	(0.004)	(0.003)	(0.002)
Less than high school graduate * (Year-1968)	-0.001	-0.002	0.000	-0.001	-0.002	0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Number of children aged 0-5	0.017	-0.024	-0.003	0.024	-0.020	0.003
	(0.011)	(0.012)	(0.009)	(0.010)	(0.012)	(0.009)
Number of children aged 6-12	0.006	0.008	0.009	0.008	0.013	0.014
	(0.009)	(0.008)	(0.006)	(0.009)	(0.008)	(0.006)
Number of children aged 13-18	-0.006	0.012	0.009	-0.006	0.017	0.013
	(0.015)	(0.009)	(0.008)	(0.014)	(0.009)	(0.008)
SEO status (1=yes)	-0.002	-0.021	-0.024	0.019	-0.031	-0.025
	(0.030)	(0.024)	(0.020)	(0.027)	(0.025)	(0.020)
Cumulative inflation rate	-0.001	-0.002	-0.001	-0.001	-0.002	-0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Female/male wage ratio (*100)	0.215	-0.131	-0.005	0.507	0.144	0.276
	(0.295)	(0.318)	(0.236)	(0.273)	(0.302)	(0.222)
Genetic testing (1=yes)	0.099	0.047	0.068	0.066	-0.005	0.016
	(0.020)	(0.026)	(0.019)	(0.021)	(0.026)	(0.020)
Withholding for delinquent payments (1=yes)	-0.059	0.017	0.000	-0.023	0.054	0.034
	(0.035)	(0.025)	(0.020)	(0.033)	(0.025)	(0.020)
Immediate withholding enacted (1=yes)	0.044	0.059	0.054	0.002	0.000	-0.007
	(0.031)	(0.036)	(0.027)	(0.028)	(0.032)	(0.024)
Universal withholding enacted (1=yes)	-0.027	-0.010	-0.022	-0.018	0.037	0.012
	(0.024)	(0.027)	(0.020)	(0.022)	(0.028)	(0.020)
Paternity established to age 18 (1=yes)	0.008	0.009	0.009	-0.001	0.016	0.011
	(0.025)	(0.024)	(0.019)	(0.026)	(0.026)	(0.020)
State has numeric guidelines (1=yes)	0.030	0.016	0.020	0.034	0.054	0.046
	(0.032)	(0.032)	(0.024)	(0.027)	(0.032)	(0.024)
State has presumptive guidelines (1=yes)	0.004	-0.056	-0.028	0.022	-0.060	-0.020
	(0.032)	(0.036)	(0.027)	(0.028)	(0.032)	(0.024)
Income tax return intercepted (1=yes)	0.039	0.016	0.018	0.027	-0.028	-0.014
	(0.026)	(0.026)	(0.020)	(0.026)	(0.028)	(0.021)
State allows unilateral divorce (1=yes)	-0.010	-0.027	-0.018	-0.013	-0.090	-0.069
	(0.021)	(0.019)	(0.015)	(0.060)	(0.031)	(0.026)
State indicators?	No	No	No	Yes	Yes	Yes
Number of observations[a]	5410	11936	17346	5362	11925	17334

Notes to Table 3. Probit estimation. Columns report the change in the probability of receiving alimony or child support, given a change in each independent varialbe. All regressions include age, age squared, and age cubed, indicators that the respondent is black or other race.

Robust standard errors appear in parentheses, where correlation is allowed between unobservables for the same woman followed over time.

[a] The total number of cases is not equal to 5410 for never-married mothers, 11936 for ever-married mothers, and 17346 for all mothers because some states have no variation in the dependent variable.

Table 4. The Amount of Child Support that Mothers in 1997 Would Have Received If the Following Characteristics Had Not Changed Since 1968 (in 1982 Dollars).

	All Mothers		Ever-married Mothers		Never-married Mothers	
	Payment	Percent changed compared to (2)	Payment	Percent changed compared to (2)	Payment	Percent changed compared to (2)
(1) Observed Child Support in 1997	$1,356		$1,820		$524	
(2) Predicted Child Support in 1997	$1,225		$1,641		$332	
(3) If no change in marital status	$1,275	4.1%	-	-	-	-
(4) If no change in fertility	$1,270	3.7%	$1,661	1.2%	$356	7.2%
(5) If no change in education-year interaction	$1,243	[a]	$1,670	[a]	$398	19.9%
(6) If no change in no-fault divorce law	$1,370	11.8%	$1,798	9.6%	$359	[a]
(7) If no change in numeric guideline policy	$1,095	-10.6%	$1,454	-11.4%	$310	[a]
(8) If no change in universal withholding policy	$1,116	-8.9%	$1,457	-11.2%	$307	[a]
(9) No inflation for all years	$1,456	18.9%	$1,932	17.7%	$363	[a]

Note to Table 4. Simulations in rows 3 through 8 are conducted for mothers who were eligible for child support in 1997 under the assumption that all of their characteristics are the same as those mothers eligible for child support in 1968.

[a] The percentage change is shown only for those categories with significant coefficients at $p < .10$ level (see Table 2).

Figure 1a. Trends in Child Support Payment Rates, 1968 to 1997, for SEO and SRC Samples (Any Payment, Weighted)

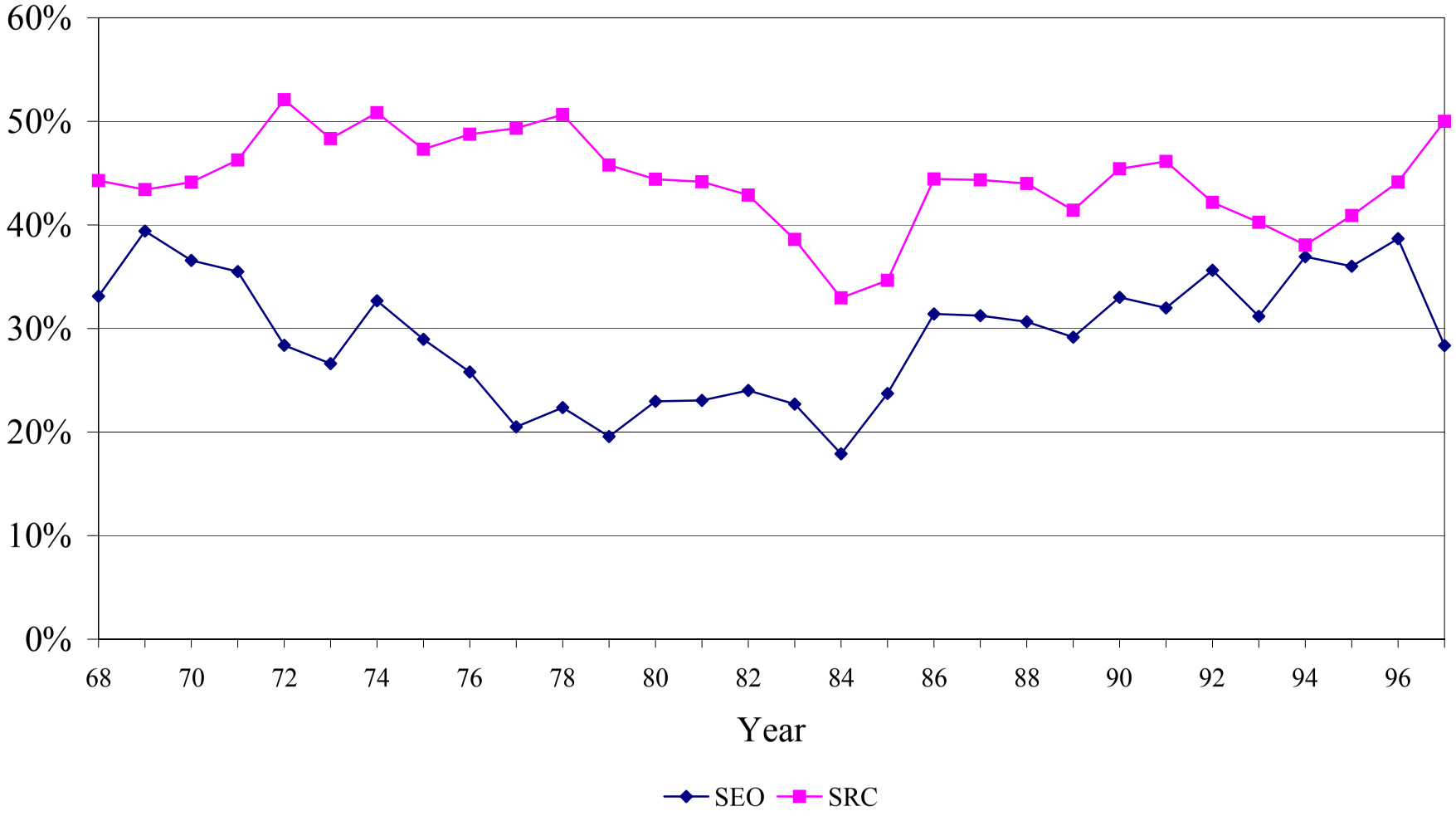

Figure 2a. Annual Inflation Rates, 1968 to 1997

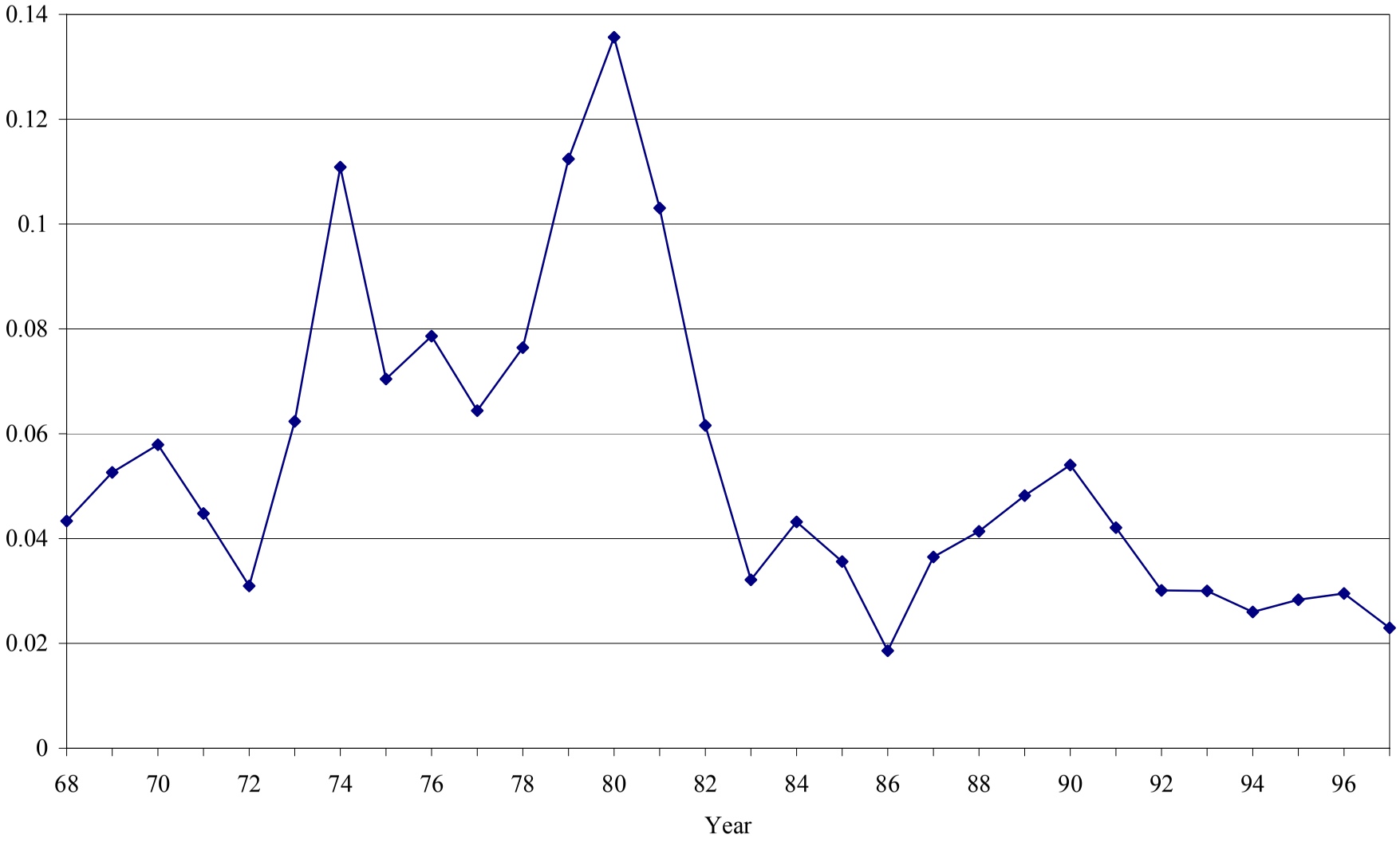

Figure 2b. Trends in Value of the Dollar, 1968 to 1997 (100/CPI)

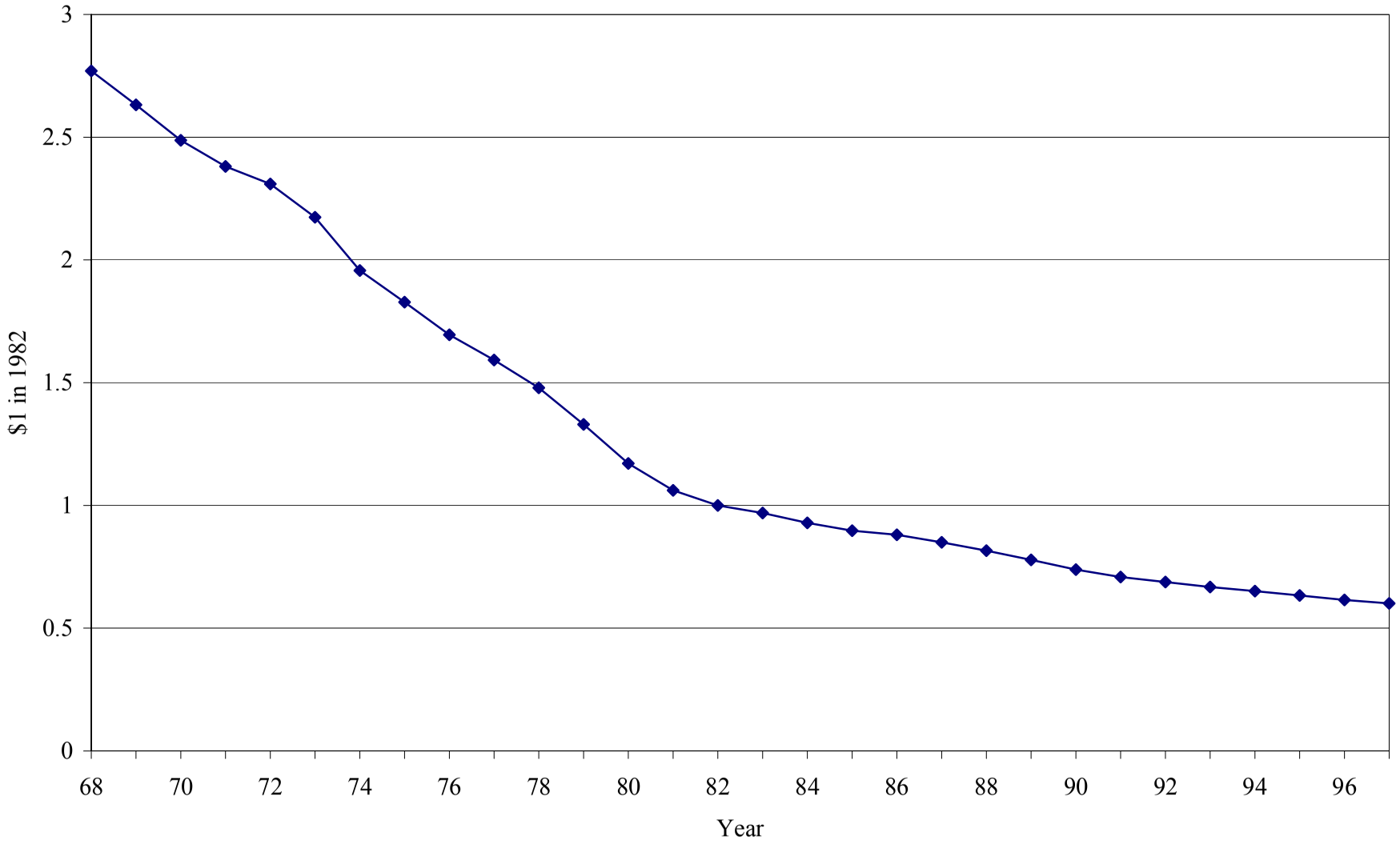

Figure 2c. Trends in Child Support Payments, 1968 to 1997, for SEO and SRC Samples (Nominal Dollars, Weighted)

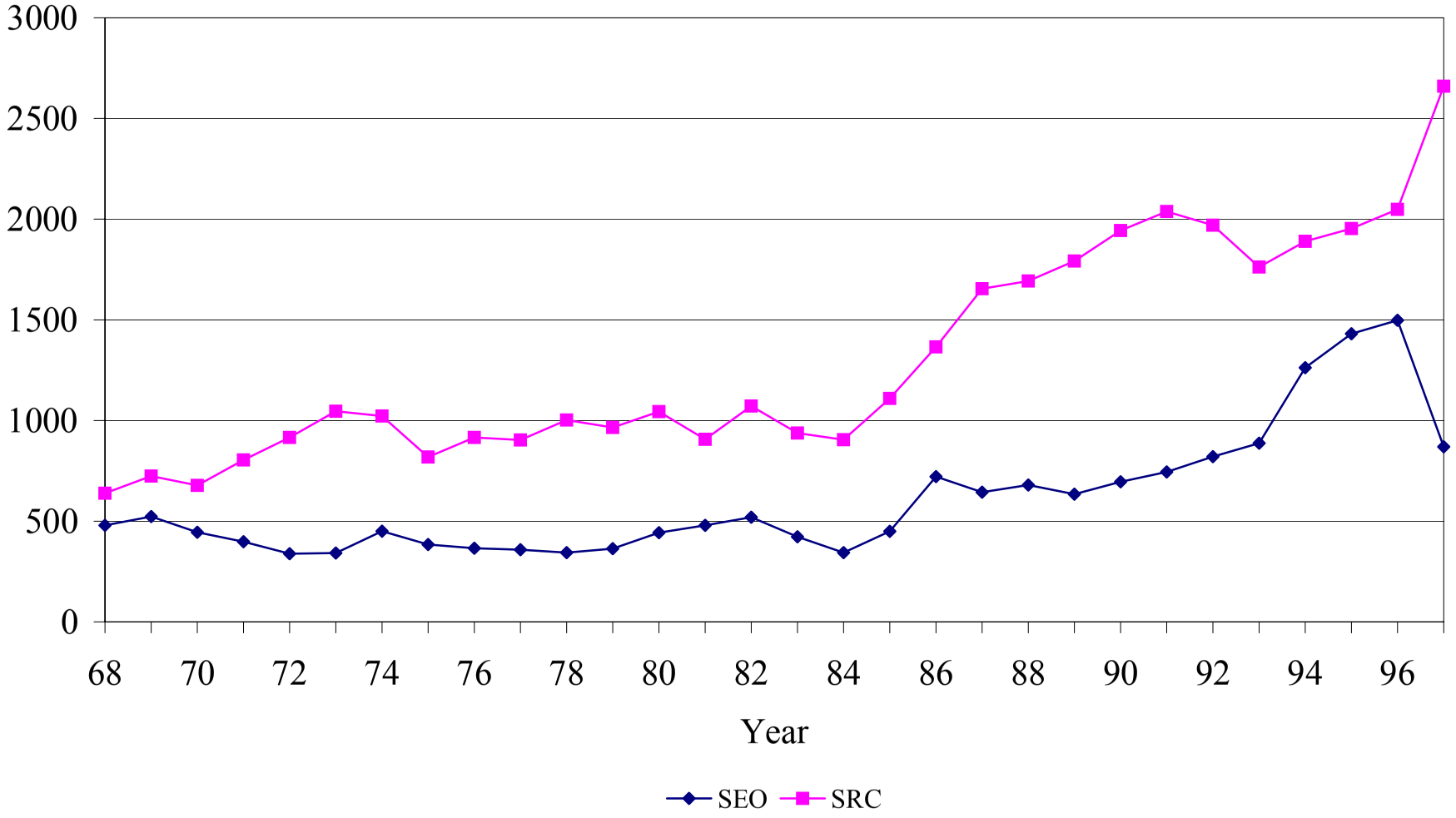

Figure 3. Proportion of States with Unilateral Divorce Laws

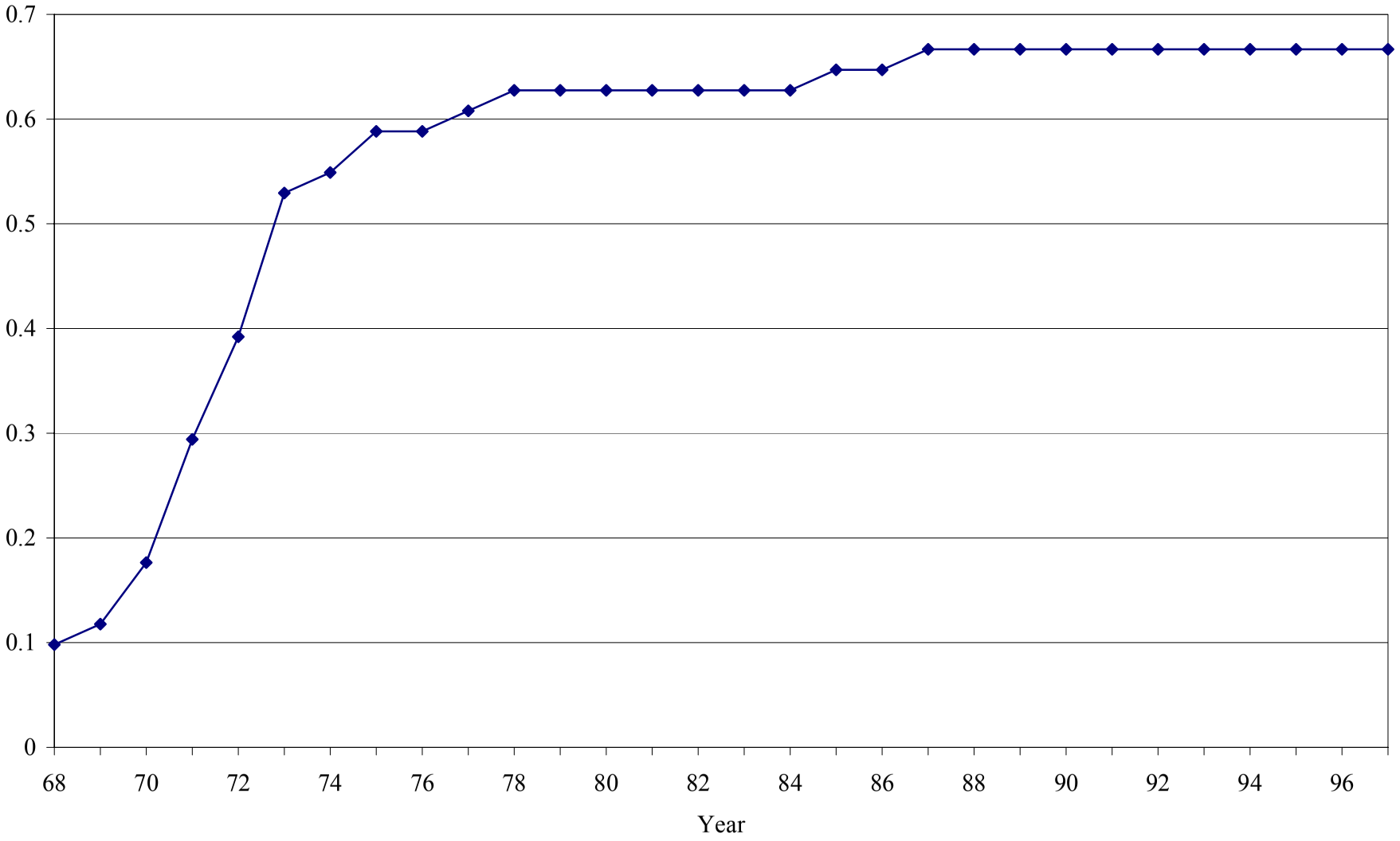

Figure 4a. Trends in Single Mother Families Headed by Never-Married and Formerly-Married Mothers, 1968 to 1997 (PSID-SRC Samples, Weighted)

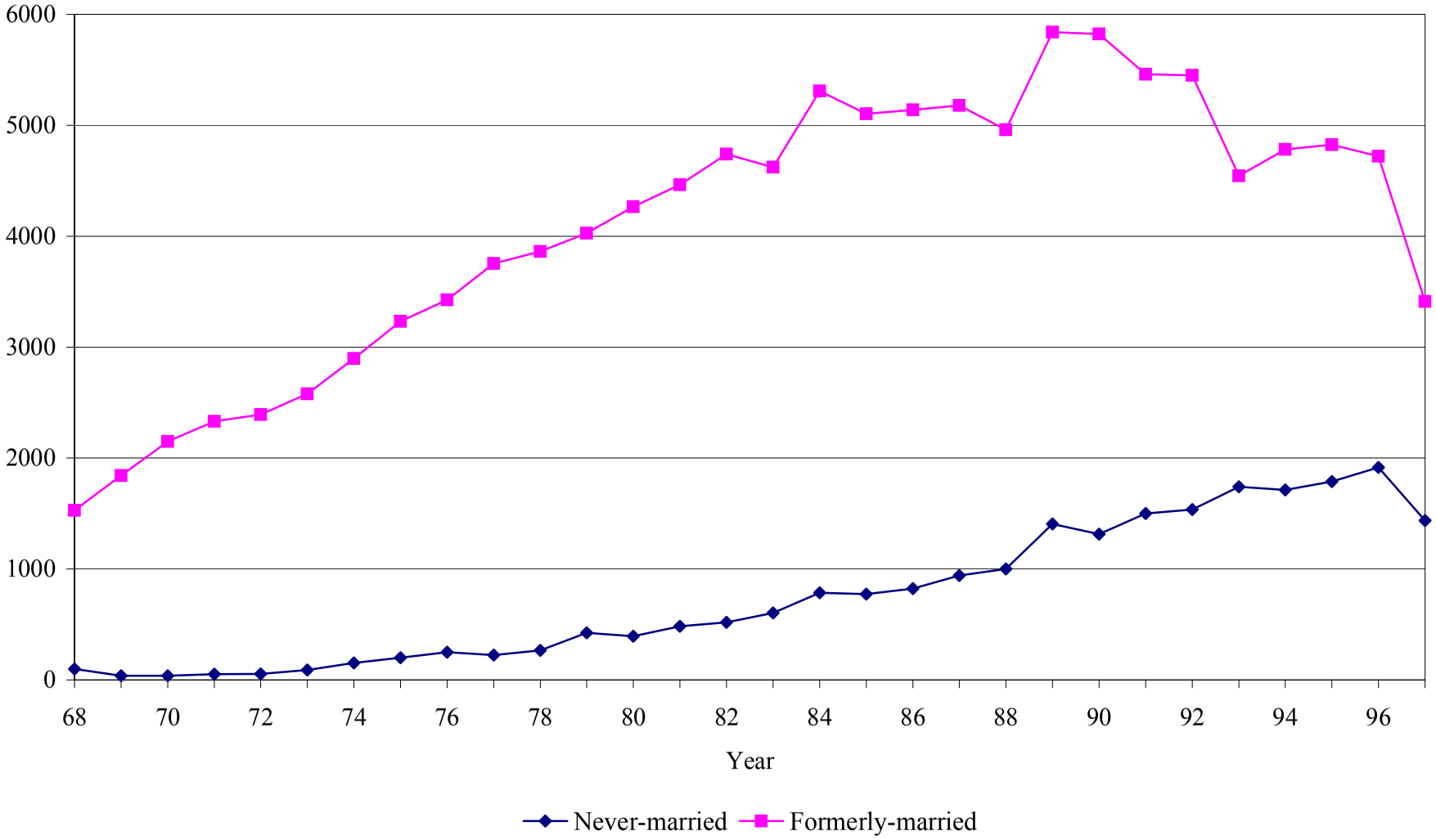

Figure 4b. Proportion of Single Mother Families Headed by Never-Married and Formerly-Married Mothers, 1968 to 1997 (PSID-SRC Samples, Weighted)

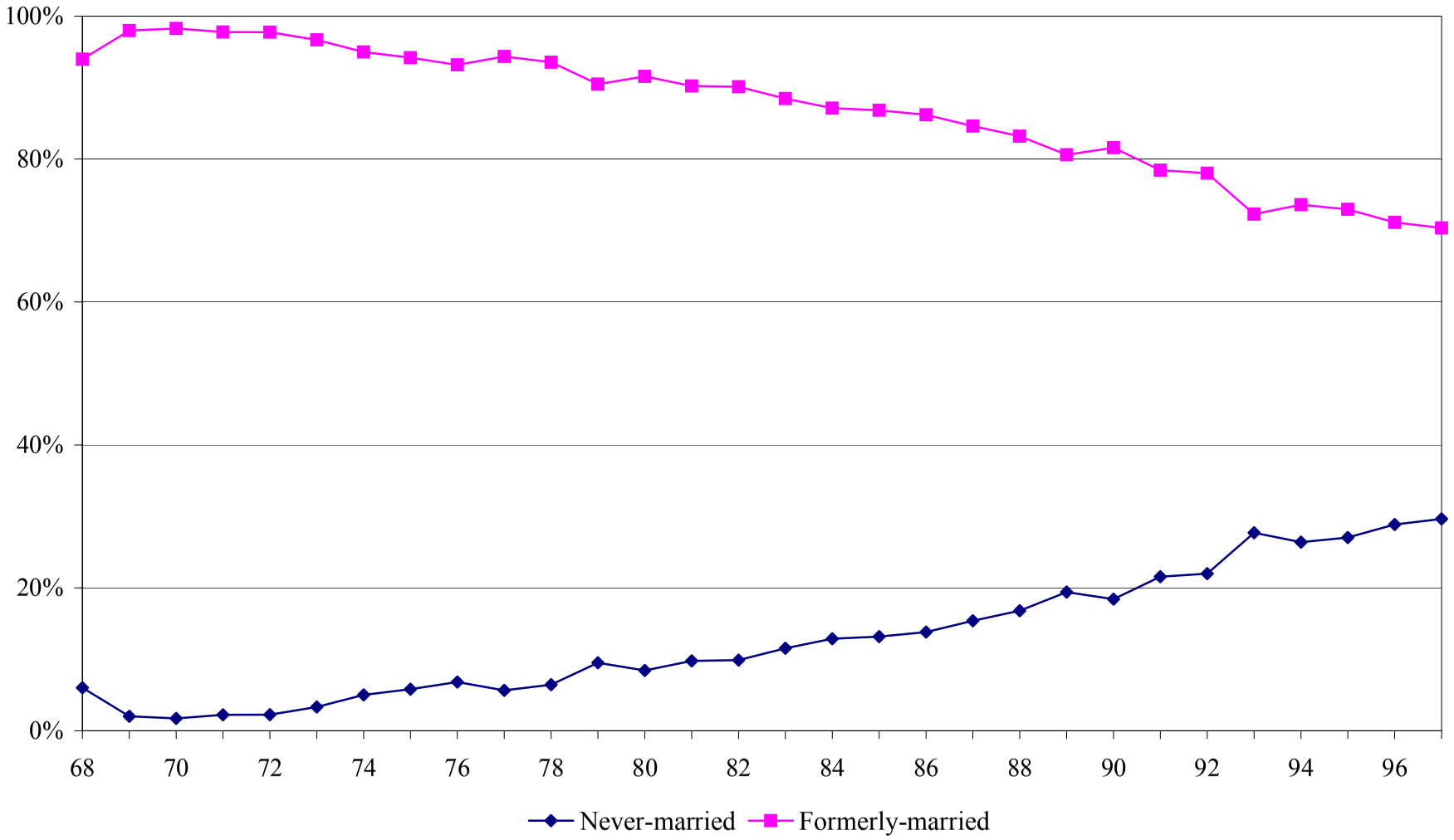

Figure 4c. Trends in Average Number of Children per Household, 1968 to 1997

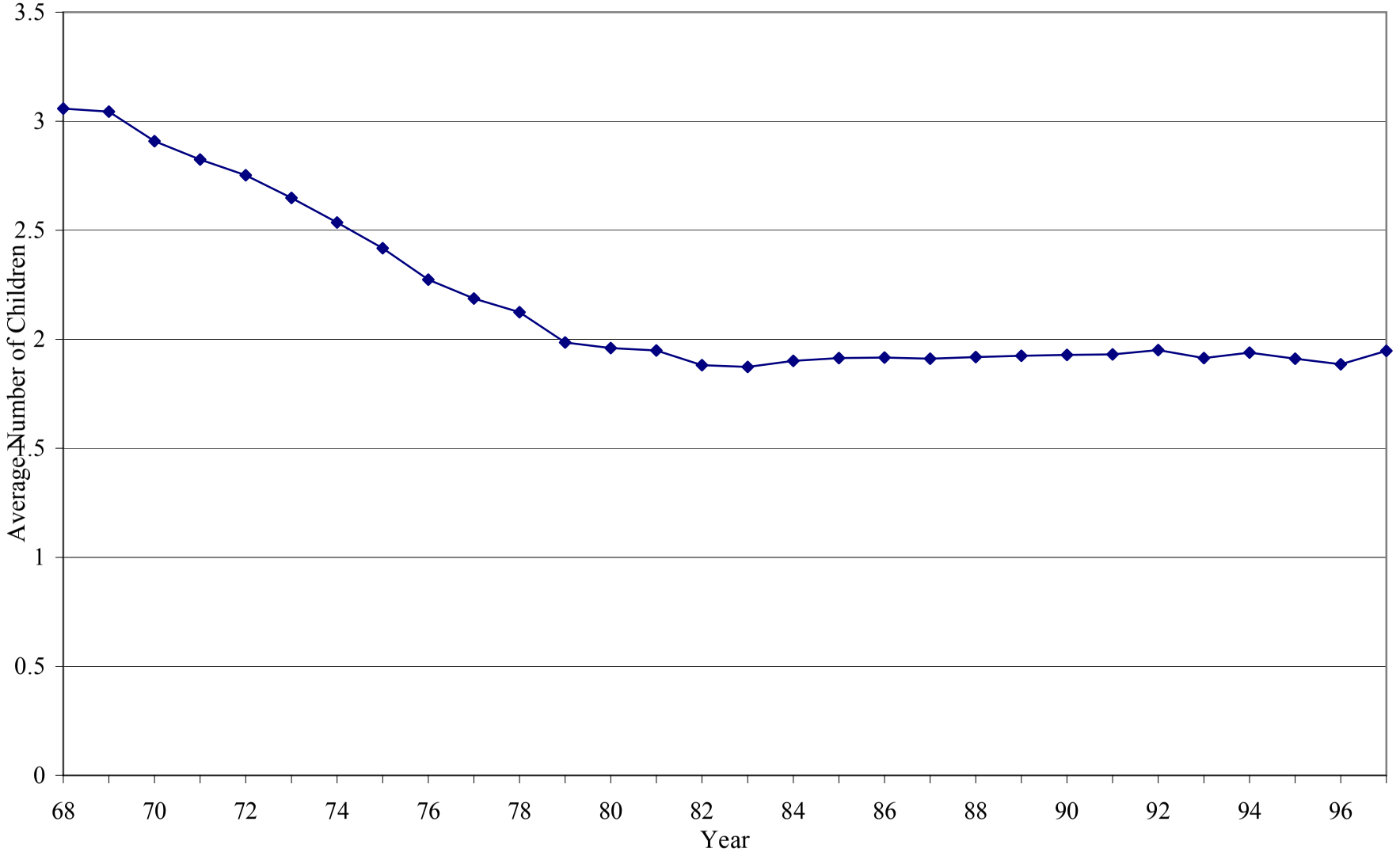

Figure 5a. Trends in Male and Female Median Wages, 1968 to 1997 (March CPS)

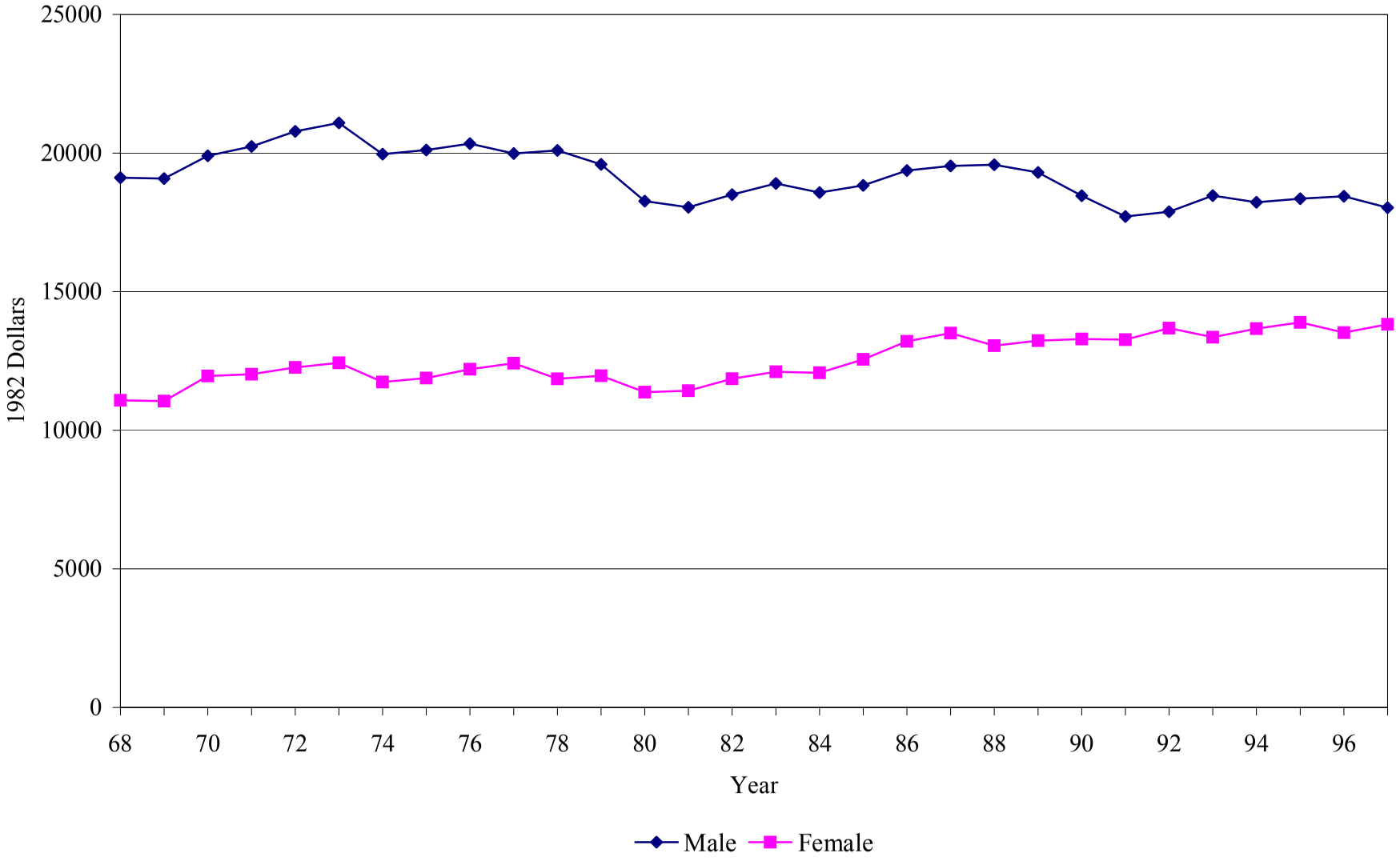

Figure 5b. Female to Male Earning Ratios, 1968 to 1997 (March CPS)