
Executive Summary

Over the past 30 years, the percentage of children who live in single-parent households has approximately tripled. These children split about evenly between those living in a single-parent household because of divorce and those born outside of marriage. This demographic change is important to policy-makers because today, unlike earlier this century, most children in single-parent households have another living parent who may be able to help pay for their expenses.

Children in single-mother families are five times more likely to be poor than children in two-parent families. In 1993, about 66% of children of never-married mothers lived below the poverty line, compared with 38% of children of divorced mothers. This has spurred interest in how much child support nonresident parents, usually fathers, can afford to pay. This report examines the origins of Wisconsin's child support system, how parents who live apart from their children divide child-rearing responsibilities, and the economic and noneconomic effects of these arrangements for children.

Child support is the amount a parent who does not live with a child should provide toward the child's support. It has proven extraordinarily difficult to determine standard amounts that fairly balance the conflicting objectives of providing well for children, minimizing public costs, and retaining incentives to pay by allowing the nonresident parent a decent standard of living. Traditionally, judges set child support amounts on a case-by-case basis. In an effort to increase the amount of awards and make the system more equitable, federal mandates in the 1980s required states to develop guidelines for courts to use. The percentage of income standard used in Wisconsin is quite simple. The child support obligation is equal to a percentage of the nonresident parent's income, which depends only upon the number of children owed support. The simplicity of this approach promotes public understanding and facilitates updating awards, a major source of inadequate child support.

When parents live apart, almost 9 of 10 children live with their mother; few live in both parents' households. Only about 11% of all resident mothers share joint legal custody with the father, although this is becoming more common in recent divorces. Fathers who have joint legal custody spend more time with their children and may pay more child support than when mothers have sole legal custody.

Paternity establishment assigns responsibility for children born out of wedlock. During the mid 1980s, less than one third of children born outside of marriage had paternity established for them. Two mechanisms for establishing paternity have proven reasonably successful—providing multiple opportunities for voluntarily acknowledging paternity and turning contested cases over to the prosecuting attorney's office. Legal paternity increases children's access to child support and to their father's health insurance and social security benefits.

In 1992, about half of mothers legally due child support got all the support due them and one fourth got nothing. Among those who did get support, the average yearly payment was about \$3,000. Child support compliance is higher among fathers who are able to pay—employed fathers with higher incomes and more education—and when support is withheld from earnings. Fathers who see their children are more likely to pay support. In family law, child support and access are usually handled separately, whereas in practice they are intertwined.

An important policy question is how effective child support is in removing families from poverty. Child support removes about 1 of 20 single-mother families from poverty. Even with perfect enforcement, child support on its own will never be enough to lift many single-mother families out of poverty.

This raises another important policy question. How much child support can non-resident parents, usually fathers, afford to pay? Nonresident fathers are not all alike. For example, 15–25% have annual incomes below \$5,000, but 40–50% have incomes above \$20,000 and 10–15% have incomes above \$40,000. In Wisconsin, the average income of nonmarital fathers when paternity is established is half that of divorced fathers, but nonmarital fathers' incomes grow over time. Studies consistently report that most nonresident fathers could afford to pay more child support. Few fathers fall into poverty because of the amount they are paying. Moreover, few would fall into poverty even if they paid all that was due.

Children's loss of their father's income is compensated, in part, by the mother's earnings and AFDC. About one fifth of married and cohabiting mothers who separate received AFDC in the year after separation. Almost half of unmarried teen mothers receive welfare in the year after the child's birth. Despite mother's earnings and AFDC, the average annual income for mothers who remarry is nearly \$36,000 and about \$13,000 for mothers who remain single.

How successful are fathers in meeting their children's emotional needs? About 40% of nonresident fathers either did not see their child or saw the child only once in the past year. Whether contact benefits children depends on what happens during the contact, specifically, how much conflict occurs between parents. When parents maintain a high level of conflict, children suffer.

How are child support reforms likely to affect child well-being? These reforms may improve children's economic welfare, but at the same time, threaten children's social and emotional development by exposing them to more conflict. The success of these reforms may depend upon how parents manage conflict. Parent education and mediation may help parents learn to manage their hostility and better meet children's needs.