

CHILD SUPPORT, ROUTINE INCOME WITHHOLDING, AND POST-DIVORCE INCOME

MARIEKA M. KLAWITTER and IRWIN GARFINKEL*

Policymakers are proposing child support reform as a way of reducing "welfare dependency" and countering the "feminization of poverty" while increasing the well-being of children living in single-parent households. The federal government and some states have begun to change laws regarding establishment of child support awards and collection of payments. The 1988 Family Support Act mandates routine income withholding of child support payments—i.e., collecting child support directly from the payer's paycheck. This article assesses the effects on post-divorce income by using data from a demonstration of routine withholding in ten Wisconsin counties. Unfortunately, these data conclude that routine income withholding has little effect on post-divorce income, at least in the year following divorce. The authors suggest three requirements for substantially increasing post-divorce income, as well as child support: (i) More family court cases must establish awards. (ii) The amount of those awards must be greater. (iii) The collection rate for those who have awards must improve.

I. INTRODUCTION

The Family Support Act of 1988, as well as earlier federal legislation, has included new mandates for states with the objectives of establishing paternity in more cases, adhering to child support award standards, and improving the child support collection system. The purpose of routine income withholding for child support payments, one of the policies mandated by the Family Support Act, is to increase the proportion of child support collected. Employers withhold child support payments, which are sent to a state insti-

tution and then passed on to custodial parents. Unlike withholding in response to delinquency of payments, routine withholding is part of the initial child support award and thus carries neither the stigma of wage garnishment nor the time lag between delinquency of payments and court action. The Family Support Act required states to use routine withholding in cases handled by the Office of Child Support Enforcement—i.e., "IV-D cases"—by 1990 and in all child support cases by 1994.

Routine withholding increases the proportion of support collected by 10 to 30 percent (Garfinkel and Klawitter, 1990). It does not appear to have much initial impact on participation in the Aid to Families with Dependent Children program (AFDC) or on public AFDC costs. However, three years after implementation, withholding results in an estimated decrease of 4 to 11 percent in AFDC participation and of 11 to 20 percent on public AFDC costs (Klawitter and Garfinkel, 1990).

*Graduate School of Public Affairs, University of Washington; and the School of Social Work at Columbia University and Institute for Research on Poverty at the University of Wisconsin-Madison. This is a revised version of a paper presented at the Western Economic Association International 65th Annual Conference, San Diego, June 29, 1990, in a session organized by Adela de la Torre, California State University, Long Beach. The Wisconsin Department of Health and Social Services, the U.S. Department of Health and Human Services, the Ford Foundation, and the Institute for Research on Poverty, University of Wisconsin-Madison, supported this research in part.

This study uses data from a demonstration of routine withholding in ten Wisconsin counties to assess its effects on post-divorce income. The analysis reveals weak evidence of increased income and child support payments in the year following separation.

II. CHILD SUPPORT AND POST-DIVORCE INCOME

Weiss (1984) and Duncan and Hoffman (1985) have shown that money income available to a woman's household following a divorce decreases in absolute terms and relative to the poverty level—i.e., "needs-adjusted" income. Hoffman and Duncan find that needs-adjusted income falls about a third for women's families. The decreases in needs-adjusted income are greater for women with young children, women from the top half of the income distribution, and women who do not remarry. In the first five years following divorce, income increases are small except through remarriage. In contrast, post-divorce income for former husbands increases relative to the poverty level.

Child support and alimony have accounted for a relatively small proportion of total post-divorce income in women's households, especially for women who were in lower-income families before divorce. In Weiss's study, child support for women with children is about 17 percent of total income in the first year after separation.¹ Duncan and Hoffman report that child support payments supply about 16 percent of household income in families with children and about 11 percent in families in which the mother has remarried.

1. Weiss reports that families receiving any child support in the first year are 35, 55, and 73 percent for low, middle, and high income families, respectively. Of families receiving any private transfers, child support is 20, 25, and 40 percent of all income by income category. Seventeen percent is the average product of these numbers for each income group, if one assumes that the weighted number in each group is approximately equal.

Cross-sectional data from the Current Population Survey also shows that for all divorced mothers the probability of having a child support award is low and the amounts of child support paid are small (Bergmann and Roberts, 1987; Graham and Beller, 1989).²

Although child support currently constitutes a small percentage of divorced mothers' income, the potential effect of child support reforms is quite large. Garfinkel and Oellerich (1989) estimated that, based on the child support guidelines recently adopted by most states, noncustodial fathers can afford to pay four times the amount they currently pay and about three times the amount they currently owe. Routine income withholding does not directly affect either the number of child support orders or the amounts stipulated in the orders, both of which have larger effects on total payments than does collecting a larger percentage of the amounts currently owed. However, in conjunction with increases in the number and amount of awards, routine withholding could have significant effects on income.

In earlier work (Garfinkel and Klawitter, 1990), the authors found that routine income withholding increased the child support collection rate by 11 to 28 percent. In this study's sample of newly divorced mothers who obtain a legal child support award, child support payments constitute nearly 30 percent of income in the year after the first court petition. With no behavioral effects, withholding will increase total income by 3 percent to 9 percent if child support income is 30 percent of total income and if withholding increases payments by 11 to 28 percent. Thus, the effects of routine income withholding on total in-

2. Graham and Beller (1989) report that child support payments are 10 percent of income for all women whose children are eligible for support and about 18 percent for women who receive at least some child support.

come are likely to be small and, as a result, may be difficult to detect.

Effects of routine withholding on post-divorce income could be even smaller. First, AFDC benefits drop by a dollar for each dollar of child support received above \$50 a month. Consequently, increases in child support payments over \$50 a month will result in no income increase for divorced mothers receiving AFDC. Second, increases in child support may decrease earnings and the rate of remarriage. Both economic theory and empirical research indicate that increases in unearned income generally decrease labor supply and earnings.³ Similarly, an increase in unearned income outside of marriage could decrease the remarriage rate of divorced mothers.

On the other hand, by making the divorced mother an economically more attractive partner, an increase in child support could increase the likelihood that she will remarry. Similarly, by providing an income base, an increase in child support may increase the labor supply and earnings of mothers who otherwise would have received AFDC benefits (Garfinkel, Robins, Wong, and Meyer, 1990).

In short, the modest increases in child support payments that result from routine income withholding could result in small, hard-to-detect increases in post-divorce income, especially for AFDC recipients. Changes in labor supply and remarriage resulting from increases in child support payments may either dampen or reinforce these increases. Note, however, that any increases in child support income to custodial families will increase the welfare of those families, though some of the benefits may be through the "purchase" of leisure or independence rather than through increases in total family income.

3. Graham and Beller (1989) find evidence that child support has a small, negative effect on mother's market work hours, after controlling for endogeneity in the receipt of child support and in AFDC participation.

III. THE WISCONSIN DEMONSTRATION DATA AND SAMPLE

The data used here come from a Wisconsin demonstration designed to evaluate the effects of routine withholding. Routine withholding is one part of the Child Support Assurance System (CSAS) constructed by Wisconsin. CSAS sets a percentage-of-income standard for child support awards, strengthens the paternity adjudication laws, establishes an assured benefit program, and requires routine withholding of child support payments. Beginning in January 1984, ten counties piloted routine withholding, which became mandatory in all Wisconsin counties in July 1987 (Garfinkel and Klawitter, 1990, provides details of the demonstration). For the three years before the withholding demonstration, courts in Wisconsin had used withholding in response to payment delinquency. The study here compares the effects of routine withholding relative to the response to delinquency withholding in the pre-1984 environment.

This study matches the ten pilot counties with ten control counties on the basis of their economic and demographic characteristics. It utilizes family court case records collected in the twenty counties for divorce, separation, and paternity cases involving a child under the age of eighteen. These records pertain to the three-year demonstration period and the three years before the demonstration for a separate baseline sample of cases. Between one and three years of court record information was available for each case. This analysis limits the sample to divorce cases in which the mother had physical custody of at least one child and also had a Social Security number—available in about 96 percent of cases. A further restriction is that the sample came from the 80 percent of cases in which child support was ordered because withholding can be used only under these circumstances.

Court records contain information on dates and purposes of each court action,

custody or visitation agreements, child support and alimony obligations, and property settlements. In addition, Wisconsin law requires that all child support payments be sent through the county clerk of courts office, allowing access to records of the dates and amounts of all payments. The study uses Social Security numbers to match the court sample with the records of the Wisconsin AFDC program and of the Department of Revenue (DOR). AFDC records provide the dates and amounts of all AFDC payments, and DOR data provide the amount of taxable income from Wisconsin state income tax forms. All income amounts are in 1984 dollars.

Together, records of the courts, AFDC, and DOR provide a relatively comprehensive picture of family income after divorce. Although some income is not captured by these data sources, the undercount has no apparent systematic relationship to the utilization of routine income withholding.⁴

For the analysis of total income in custodial families, the study uses calendar year information to match the tax data period. The study focuses on the calendar year following the year of the first court petition. The petition is the first court doc-

ument regarding divorce—the first available records of separation.⁵

Of the sample of 2,430 cases, about 85 percent had received child support payments, 61 percent had filed tax returns, and 40 percent had some AFDC participation. In about 17 percent of the cases there was no record of DOR or AFDC payments.

The authors divided the sample into cases receiving AFDC payments in the month of the petition date (24 percent) and those receiving no AFDC in that month (76 percent). This allows for different effects of routine withholding on cases based on AFDC status.

IV. MEASURING THE EFFECTS OF ROUTINE WITHHOLDING

Pilot counties used routine withholding in about 60 percent of all cases in the demonstration period, and with greater frequency later in the period. This was less than full implementation since previous estimates suggest that routine withholding could have been used in 70 percent to 85 percent of the cases (Garfinkel and Klawitter, 1990). Control counties also began using withholding during the demonstration and had withholding in about 30 percent of cases.⁶

Because withholding was used by control counties and was underutilized by pilot counties, a simple case comparison in pilot counties with cases in control counties could underestimate the effects of routine withholding. Also, since the pilot counties were not randomly chosen, they may be systematically different in the abil-

4. These sources of income information do not completely reflect the economic well-being of the family. First, the AFDC and DOR data are only from Wisconsin records—not for custodial families who have moved from the state. Information from a telephone survey revealed that only about 6 percent of the custodial mothers from the demonstration period had moved out of Wisconsin by 1987. Second, the use of tax data results in an underestimate of income for low-income families, since such families are not required to file tax returns. This leads to an overestimate of child support as a proportion of total income, but should not bias the estimates of the effects of withholding. Third, the DOR tax data are not available for women who remarry and who no longer are the primary household earner. Data from the telephone survey indicate that less than 10 percent had remarried by the end of 1986. Finally, the authors have income information only for the custodial mother, not for her entire household. In the telephone survey, mothers' income accounted for about 85 percent of total household income.

5. In about 3 percent of the cases, the parties involved filed joint tax returns in the year after the petition date. The authors dropped these cases from the analysis because income for the mother alone was not available. Calculations revealed zero incomes in about 6 percent of the cases, which were dropped because of the likelihood of misreported income.

6. Two of the control counties became official pilot counties in the third year of the demonstration. The study designated cases in these counties as experimental-county cases if they entered the court system after the change in status.

ity or motivation to use routine withholding, and that could affect the estimated impact. For these reasons, this study uses three alternative measures of the effects of routine withholding.

First, the analysis compares pilot-county cases from the demonstration period ("experimental-county" cases) with cases from control counties and from the pre-demonstration period. This is likely to be a lower-bound estimate of the effects of withholding (see Garfinkel and Klawitter, 1990, for evidence of this in child support payments). Actual use of withholding rather than the pilot county status provides the basis for the other two measures. A measure of the proportion of cases involving routine withholding compares cases on the basis of the level of withholding use in the county in the year a case entered the court system. Comparisons also focus on cases with and without routine withholding. This last comparison most precisely identifies the cases in which one would expect to see the effects of withholding. However, if routine withholding is selectively used by courts, the measures based on actual use of withholding may result in biased estimates of the impact. These comparisons would overestimate the effects of withholding for "average" cases if courts used withholding more often in cases in which the payer had a stable, well-paying job. If, on the other hand, the use of routine withholding had "spill-over" effects on the cases in which it was not used, the individual case measure would underestimate the effects of the policy. This study uses all three measures, in an effort to get a range around the "true" impact of routine withholding.

V. RESULTS

Table 1 shows the proportion of cases with each type of post-divorce income, the average proportion of income of each type, and the mean amounts of total income, support payments, and support

owed.⁷ These outcomes are for pilot and control counties in the predemonstration and demonstration periods.

Table 1 also shows that during the demonstration period the proportion of cases receiving any child support or alimony increased from about 83 percent to about 87 percent for both pilot and control counties. The proportion of income from support also increased slightly during the demonstration period. The proportion of cases with any AFDC decreased slightly during the demonstration period, as did the share of income from AFDC. Little change occurred in the number of cases with DOR earnings or the share of income from that source.

The mean amounts of child support paid and owed increased in pilot and control counties, with greater increases in pilot counties. The increase in award levels (support owed) in pilot-county cases is especially noteworthy and is perhaps due to early implementation of the percentage-of-income award standard. Overall, the evidence suggests that pilot counties were not counties with the most capable child support payers before the demonstration.

Table 2 shows mean levels of child support paid and owed along with total income by the level of county withholding and case withholding status. Child support paid and owed and total income all are higher for cases in counties that used withholding in over 45 percent of cases and for cases with routine withholding orders. Since this pattern holds for award levels and not just payments, it could indicate selective use of withholding. Alternatively, since withholding was used in a larger share of cases in later years, the pat-

7. This table and table 2 group alimony with child support to show the distribution of all income, though later analyses use child support payments only. Alimony is owed in only 8 percent of the cases, and payments are made in only about 5 percent of the cases.

TABLE 1
Sources of Post-divorce Income by County Status (Pilot or Control) and
Predemonstration/Demonstration Period

| | <u>Predemonstration Period</u> | | <u>Demonstration Period</u> | |
|---------------------------------------|--------------------------------|----------|-----------------------------|----------|
| | Pilot | Control | Pilot | Control |
| Proportion of cases with income from: | | | | |
| Child support and alimony | 83% | 83% | 87% | 88% |
| AFDC | 43 | 41 | 36 | 37 |
| DOR earnings | 57 | 62 | 58 | 60 |
| Average proportion of income from: | | | | |
| Child support and alimony | 29 | 31 | 35 | 36 |
| AFDC | 27 | 23 | 22 | 20 |
| DOR earnings | 43 | 46 | 42 | 44 |
| Mean amount of support paid | \$1,831 | \$2,261 | \$3,025 | \$2,854 |
| Mean amount of support owed | \$2,727 | \$3,234 | \$3,370 | \$3,651 |
| Mean total income | \$9,810 | \$10,334 | \$10,941 | \$10,972 |

Note: Data for the predemonstration-period cases were collected June 1980–January 1984; data for the demonstration-period cases were collected January 1984–January 1987.

Source: Data from a demonstration of routine income withholding in ten Wisconsin counties.

tern may be a reflection of overall growth in awards.

Overall, the simple cross-tabulations show increases in the proportion of cases with child support payments, in the share of post-divorce income from child support, and in the levels of support paid and total income. However, since the levels of support owed increased as well, the impact that routine withholding may have had on support payments and total income in this first year following divorce is unclear. Multivariate analyses explore the impact of routine withholding while controlling for the award level and other county and case characteristics.

Tables 3 and 4 contain coefficients and standard errors from tobit regressions on the natural log of post-divorce child support payments, and tables 5 and 6 report

results from regressions on the log of total income. Since the sample includes only cases with positive total income, it uses ordinary least squares (OLS) regressions for income. The study uses tobits that account for the probability of zero payments for child support payments because about 15 percent of the cases have no support payments.⁸

Separate regression models include the three alternative policy measures: (i) the

8. For cases with zero child payments, the log of payments is undefined. The authors have defined the dependent variable to be zero in those cases, which is equivalent to adding a dollar to payments. The tobit specification assumes that values at or below a threshold (in this case zero) are not observed. Since few cases have "true" values of annual child support payments near \$1, this procedure should result in no bias in the estimation.

TABLE 2
Levels of Total Income and Support Paid and Owed by County Withholding Level and Case Withholding Status

| | Mean Support Paid | Mean Support Owed | Total Income |
|----------------------------------|-------------------------|-------------------------|-----------------|
| County withholding level: | | | |
| 0 to 10% | \$2,004 | \$2,931 | \$10,177 |
| 11 to 30% | 2,574 | 3,370 | 9,889 |
| 31 to 45% | 2,364 | 3,243 | 9,836 |
| 46 to 60% | 3,335 | 3,629 | 11,955 |
| 61% and over | 3,696 | 4,140 | 11,954 |
| Case withholding status: | | | |
| Nonwithhold. case | 2,254 | 3,139 | 10,323 |
| Withholding case | 3,198 | 3,583 | 11,092 |

Source: Data from predemonstration-period AFDC cases (June 1980–January 1984) and demonstration-period AFDC cases (January 1984–January 1987) in ten Wisconsin counties.

experimental county indicator, (ii) the county withholding level variable, and (iii) the withholding case indicator. Separate analyses for mothers not on AFDC at the petition date and for mothers participating then allow the effects of withholding to differ for those groups. Explanatory variables control for the amount of the child support award, the number of children, the age of the mother, the age of her youngest child, the amount of marital property, and the duration of her marriage. Appendix A gives the means and standard deviations for these variables. The regressions also included indicator variables for the year the case entered the court system ("cohort") and the county of residence. (These coefficients, though not reported here, are available from the authors.)

For women not on AFDC at the petition date (table 3), each of the policy measures is positively associated with the amount of child support paid, but only the coeffi-

cient on the withholding case dummy (model 3) is statistically significant. These results suggest that, for non-AFDC cases in which withholding is used, expected child support payments are higher by 12 percent—an estimate somewhat lower than the authors' previous finding of a 30 percent increase over a longer period.⁹

Although the coefficients of the other policy variables are not statistically significant, the point estimates also imply changes in collections that are lower in magnitude than the authors' previous findings. The lack of statistical significance may be due to a much smaller sample size in these partitioned samples.

9. One can calculate the size of these effects from the coefficients by accounting for the change in the probability of observing a nonzero value for the dependent variable, as well as the marginal change in the variable when it is observed (Maddala 1983, p. 159). The expected change, then, is the difference in the expected outcome with and without routine withholding at the mean values of the explanatory variables.

TABLE 3

Tobit Analyses of the Effects of Three Policy Variables on the Log of Child Support Payments for Cases Not on AFDC at Petition Date

| | Model 1 | | Model 2 | | Model 3 | |
|-------------------------------|---------------------|-------|---------------------|-------|---------------------|-------|
| | Coeff. | S.E. | Coeff. | S.E. | Coeff. | S.E. |
| Constant | -0.806 ^a | 0.434 | -0.808 ^a | 0.428 | -0.731 ^a | 0.426 |
| Experimental co. indicator | 0.123 | 0.258 | | | | |
| County withholding level | | | 0.567 | 0.569 | | |
| Withholding case indicator | | | | | 0.695 ^b | 0.178 |
| Award Amount | 0.850 ^b | 0.045 | 0.849 ^b | 0.045 | 0.835 ^b | 0.044 |
| Number of children | | | | | | |
| Two | -0.180 | 0.16 | -0.179 | 0.164 | -0.183 | 0.164 |
| Three | -0.112 | 0.223 | -0.112 | 0.223 | -0.103 | 0.222 |
| Four or more | 0.286 | 0.307 | 0.288 | 0.307 | 0.277 | 0.306 |
| Mother's age | | | | | | |
| 25 to 34 | 0.395 ^a | 0.208 | 0.395 ^a | 0.208 | 0.396 ^a | 0.207 |
| 35 or older | 0.134 | 0.297 | 0.135 | 0.297 | 0.160 | 0.296 |
| Age of youngest child | | | | | | |
| 3 to 5 | -0.290 | 0.190 | -0.289 | 0.190 | -0.283 | 0.189 |
| 6 to 13 | 0.185 | 0.222 | 0.191 | 0.222 | 0.221 | 0.222 |
| 13 or older | 0.162 | 0.335 | 0.169 | 0.334 | 0.196 | 0.333 |
| Marital property | 0.0003 ^b | 0.000 | 0.0004 ^b | 0.000 | 0.0004 ^b | 0.000 |
| Marriage duration | -0.036 ^a | 0.020 | -0.037 ^a | 0.020 | -0.037 ^a | 0.020 |
| Sigma | 2.753 ^b | 0.051 | 2.753 ^b | 0.051 | 2.741 ^b | 0.051 |
| Log-likelihood | -4206.100 | | -4205.700 | | -4198.600 | |
| N | 1841 | | | | | |

Note: Indicator variables for the year the case entered the court system and for the county were also included.

^aCoefficients significant at a 10 percent level.

^bCoefficients significant at a 5 percent level.

Similarly, for cases on AFDC at the petition date (table 4) only the withholding case indicator coefficient is significant (model 3); the experimental county indicator coefficient (model 1) is negative and the county withholding level coefficient (model 2) is positive. Among cases on AFDC, expected child support payments are higher by about 35 percent in withholding cases. This is slightly above the

authors' previous estimate of an increase of 30 percent, and above the estimated increase for the non-AFDC cases.

As discussed above, court commissioners may have used withholding selectively and, as a result, the effect of withholding as measured by the withholding case indicator may be an overestimate of the effects of withholding. The lack of significant, positive associations between the other

TABLE 4
Tobit Analyses of the Effects of Three Policy Variables on the Log of Child Support Payments for Cases on AFDC at Petition Date

| | Model 1 | | Model 2 | | Model 3 | |
|----------------------------|---------------------|-------|---------------------|-------|---------------------|-------|
| | Coeff. | S.E. | Coeff. | S.E. | Coeff. | S.E. |
| Constant | -2.290 ^b | 0.882 | -2.162 ^b | 0.876 | -1.999 ^b | 0.867 |
| Experimental co. indicator | -0.666 | 0.552 | | | | |
| County withholding level | | | 0.774 | 1.261 | | |
| Withholding case indicator | | | | | 1.309 ^b | 0.383 |
| Award amount | 0.707 ^b | 0.079 | 0.719 ^b | 0.079 | 0.698 ^b | 0.078 |
| Number of children | | | | | | |
| Two | -0.288 | 0.350 | -0.307 | 0.350 | -0.259 | 0.346 |
| Three | -0.513 | 0.455 | -0.547 | 0.455 | -0.565 | 0.450 |
| Four or more | 0.249 | 0.643 | 0.223 | 0.643 | 0.099 | 0.637 |
| Mother's age | | | | | | |
| 25 to 34 | 0.190 | 0.372 | 0.190 | 0.372 | 0.176 | 0.368 |
| 35 or older | -0.293 | 0.661 | -0.296 | 0.662 | -0.336 | 0.655 |
| Age of youngest child | | | | | | |
| 3 to 5 | 0.274 | 0.371 | 0.235 | 0.372 | 0.186 | 0.368 |
| 6 to 13 | 0.022 | 0.551 | 0.014 | 0.551 | -0.019 | 0.545 |
| 13 or older | -1.457 | 1.006 | -1.444 | 1.006 | -1.527 | 0.996 |
| Marital property | 0.001 | 0.002 | 0.001 | 0.002 | 0.001 | 0.002 |
| Marriage duration | 0.025 | 0.045 | 0.029 | 0.045 | 0.038 | 0.044 |
| Sigma | 3.281 ^b | 0.116 | 3.283 ^b | 0.116 | 3.248 ^b | 0.115 |
| Log-likelihood | -1344.900 | | -1345.500 | | -1339.800 | |
| N | 589 | | | | | |

Note: Indicator variables for the year the case entered the court system and for the county were also included.

^aCoefficients significant at a 10 percent level.

^bCoefficients significant at a 5 percent level.

two policy measures and support payments casts doubts on whether routine withholding substantially affects payments during the first year after divorce. The robustness of the positive effects of withholding found in previous work (Garfinkel and Klawitter, 1990) apparently does not hold for this particular period.

Associated with higher award amounts are higher child support payments in each

of the models for both AFDC and non-AFDC cases (tables 3 and 4). For non-AFDC cases, mother's age in the range 25-34 and the amount of marital property also have significant, positive associations with the amount of support paid. The duration of marriage negatively associates with support payments. For cases on AFDC, the coefficients on most control variables are not statistically different

TABLE 5
 OLS Regressions of the Effects of Three Policy Variables on the Log of Post-divorce
 Income for Cases Not on AFDC at Petition Date

| | Model 1 | | Model 2 | | Model 3 | |
|-------------------------------|---------------------|-------|---------------------|-------|---------------------|-------|
| | Coeff. | S.E. | Coeff. | S.E. | Coeff. | S.E. |
| Constant | 8.151 ^b | 0.147 | 8.162 ^b | 0.145 | 8.168 ^b | 0.144 |
| Experimental co. indicator | -0.021 | 0.093 | | | | |
| County withholding level | | | 0.088 | 0.205 | | |
| Withholding case indicator | | | | | 0.070 | 0.065 |
| Award amount | 0.072 ^b | 0.015 | 0.072 ^b | 0.015 | 0.070 ^b | 0.015 |
| Number of children | | | | | | |
| Two | 0.006 | 0.059 | 0.006 | 0.059 | 0.006 | 0.059 |
| Three | 0.014 | 0.080 | 0.013 | 0.080 | 0.014 | 0.080 |
| Four or more | -0.183 ^a | 0.111 | -0.184 ^a | 0.111 | -0.185 ^a | 0.111 |
| Mother's age | | | | | | |
| 25 to 34 | 0.288 ^b | 0.075 | 0.288 ^b | 0.075 | 0.288 ^b | 0.075 |
| 35 or older | 0.456 ^b | 0.107 | 0.457 ^b | 0.107 | 0.459 ^b | 0.107 |
| Age of youngest child | | | | | | |
| 3 to 5 | -0.016 | 0.068 | -0.016 | 0.068 | -0.015 | 0.068 |
| 6 to 12 | -0.073 | 0.080 | -0.073 | 0.080 | -0.070 | 0.080 |
| 13 or older | -0.168 | 0.120 | -0.169 | 0.120 | -0.166 | 0.120 |
| Marital property | 0.0001 ^b | 0.000 | 0.0001 ^b | 0.000 | 0.0001 ^b | 0.000 |
| Marriage duration | 0.009 | 0.007 | 0.009 | 0.007 | 0.009 | 0.007 |
| R ² | .08 | | .08 | | .08 | |
| N | | | 1841 | | | |

Note: Indicator variables for the year the case entered the court system and for the county were also included.

^aCoefficients significant at a 10 percent level.

^bCoefficients significant at a 5 percent level.

from zero, perhaps because of the smaller sample size.

Overall, the regression results on child support payments in the first year after divorce suggest that routine withholding may have no strong impact during that period for AFDC or non-AFDC cases.

The results from OLS regressions on total income are in table 5 for non-AFDC cases, and in table 6 for AFDC cases. The

estimates indicate that none of the policy variables significantly affect income in these models. In view of both the weak effects of withholding on child support payments in this sample and the expectation that withholding will have smaller effects on income than on child support payments, the failure to find a significant effect of withholding on income is not surprising.

TABLE 6
**OLS Regressions of the Effects of Three Policy Variables on the Log of Post-divorce
 Income for Cases on AFDC at Petition Date**

| | Model 1 | | Model 2 | | Model 3 | |
|-------------------------------|---------------------|--------|---------------------|-------|---------------------|-------|
| | Coeff. | S.E. | Coeff. | S.E. | Coeff. | S.E. |
| Constant | 8.484 ^b | 0.144 | 8.480 ^b | 0.143 | 8.470 ^b | 0.144 |
| Experimental co. indicator | 0.045 | 0.097 | | | | |
| County withholding level | | | 0.252 | 0.221 | | |
| Withholding case indicator | | | | | -0.057 | 0.068 |
| Award amount | 0.031 ^b | 0.013 | 0.032 ^b | 0.013 | 0.031 ^b | 0.013 |
| Number of children | | | | | | |
| Two | 0.020 | 0.061 | 0.021 | 0.061 | 0.019 | 0.061 |
| Three | 0.126 | 0.079 | 0.126 | 0.079 | 0.129 | 0.079 |
| Four or more | 0.243 ^b | 0.113 | 0.243 ^b | 0.113 | 0.250 ^b | 0.113 |
| Mother's age | | | | | | |
| 25 to 34 | 0.147 ^b | 0.065 | 0.146 ^b | 0.065 | 0.147 ^b | 0.065 |
| 35 or older | 0.151 | 0.116 | 0.150 | 0.116 | 0.153 | 0.116 |
| Age of youngest child | | | | | | |
| 3 to 5 | -0.129 ^b | 0.065 | -0.132 ^b | 0.065 | -0.125 ^b | 0.065 |
| 6 to 13 | -0.207 ^b | 0.096 | -0.205 ^b | 0.096 | -0.205 ^b | 0.096 |
| 13 or older | -0.181 | 0.175 | -0.175 | 0.174 | -0.178 | 0.175 |
| Marital property | -0.001 ^b | 0.0000 | -0.001 ^b | 0.000 | -0.001 ^b | 0.000 |
| Marriage duration | 0.004 | 0.008 | 0.004 | 0.008 | 0.003 | 0.008 |
| R ² | .11 | | .11 | | .11 | |
| N | 589 | | | | | |

Note: Indicator variables for the year case entered court system and for county were also included.

^aCoefficients significant at a 10 percent level.

^bCoefficients significant at a 5 percent level.

The amount of the child support award is positively associated with income, as it is with child support payments for both non-AFDC and AFDC cases. This association suggests that raising child support awards could lead to significant increases in income, or alternatively that women who have ex-husbands with high incomes (and thus higher awards) do better following divorce for other reasons. The effects

of award levels on income for non-AFDC cases are much larger in magnitude than those for AFDC cases. One would expect this since, for AFDC cases, child support payments increase income only if income is under the \$50 a month.

For cases not on AFDC at the petition date, total income is lower in families with four or more children, and higher for older mothers and with greater amounts of mar-

ital property. For AFDC cases, income increases with the number of children—though only the indicator for four or more children is significant. This probably is the result of higher AFDC benefits for larger families. Mother's age is positively related to income, and having a youngest child 3 to 5 or 6 to 13 years old is negatively related to income. Estimates show marital property for AFDC cases, unlike for non-AFDC cases, has a negative impact on total income, though this may be the result of selection into the AFDC sample.

VI. CONCLUSION

Previous research has shown that child support reform has the potential to substantially increase income for divorced mothers and their children. Furthermore, routine withholding of child support has previously been shown to increase the collection rate and timeliness of payments. The expected effects of withholding on total income, however, are small for several reasons: routine income withholding alone can increase child support payments by only modest amounts; child support is not a large proportion of total income; AFDC recipients do not benefit from increases in child support in excess of \$50 a month; and increases in income resulting from increases in child support may be dampened by behavioral responses in labor supply and remarriage.

Data from a demonstration of routine withholding in Wisconsin substantiate the hypothesis that routine income withholding will have a small effect on post-divorce incomes in the year following divorce. Although most of the coefficients measuring the impact of routine withholding are positive, few are statistically significant. Previous research suggests that the effects of withholding may be larger over time after divorce and with county experience in using withholding (Garfinkel and Klawitter, 1990). Data constraints preclude that type of analysis here. Thus, the impact of withholding may be larger than these estimates suggest.

Substantially increasing child support and post-divorce income will require establishing awards in more family court cases and increasing the amounts of those awards, as well as improving the collection rate for those who have awards. Adoption of routine withholding may be an important part of child support reform even if by itself it has little impact on post-divorce income. In conjunction with increases in the number and levels of awards, improvements in collection rates will have a bigger impact. Also, legally establishing awards if the courts are not seriously attempting to enforce the orders makes little sense. Finally, even if the overall levels of income in custodial parent households do not greatly increase, the well-being of the children and adults in those families will surely improve.

APPENDIX A
Means and Standard Deviations for Control Variables by AFDC Status at Petition Date

| | <u>Not on AFDC at Petition</u> | | <u>On AFDC at Petition</u> | |
|---|--------------------------------|-----------|----------------------------|-----------|
| | Mean | Std. Dev. | Mean | Std. Dev. |
| Percentage of Sample | 76% | | 24% | |
| Log of child support | 6.62 | 2.76 | 5.26 | 2.98 |
| Log of income | 9.00 | 1.03 | 8.73 | 0.60 |
| Withholding case dummy | .26 | .44 | .23 | .42 |
| County withholding level | .21 | .23 | .21 | .22 |
| Experimental co. dummy | .24 | .43 | .25 | .44 |
| Log of award amount | 7.59 | 1.66 | 6.81 | 2.00 |
| Number of children | | | | |
| Two | .42 | .49 | .34 | .47 |
| Three | .17 | .38 | .19 | .39 |
| Four or more | .08 | .28 | .09 | .28 |
| Mother's age | | | | |
| 25 to 34 | .50 | .50 | .45 | .50 |
| 35 or older | .33 | .47 | .14 | .34 |
| Age of youngest child | | | | |
| 3 to 5 | .23 | .42 | .24 | .43 |
| 6 to 13 | .33 | .47 | .15 | .36 |
| 13 or older | .12 | .33 | .03 | .18 |
| Log of marital property divided by 100 | 175.13 | 403.74 | 26.09 | 90.32 |
| Marriage duration | 10.73 | 6.51 | 6.81 | 5.63 |
| N | 1,841 | | 589 | |

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