

The Story Behind the Numbers

Effects of Child Support Order Amounts on Payments by Low-Income Parents

About a quarter of noncustodial fathers have reported incomes below the Federal poverty level¹ and about 2.5 million of these fathers do not pay child support.² In addition, many noncustodial mothers have reported incomes below the Federal poverty guidelines.³

Neither national surveys nor the Federal Office of Child Support Enforcement (OCSE) administrative data track child support orders as a percent of noncustodial parents' income.⁴ However, several multistate studies indicate that many low-income noncustodial parents have support orders that represent a high percentage of their reported earnings (high percentage orders).⁵ The Department of Health and Human Services (HHS) 2006 income guidelines set the poverty level for one person at \$9,800 per year,⁶ and earnings from year-round, 40-hour per week employment at minimum wage are \$10,712 gross per year.

A 2006 Urban Institute study matched noncustodial parents in seven States (Arizona, Illinois, Michigan, New Jersey, Ohio, Pennsylvania, and Texas) to earnings from the quarterly wage files.⁷ The study found that median current support orders are 83% of reported earnings for noncustodial parents with incomes up to \$10,000 per year. In contrast, it also found that median current support orders are 11% of reported earnings for noncustodial parents with incomes starting at \$40,000 per year.

A 2002 Office of Inspector General (OIG) study of TANF (Temporary Assistance for Needy Families) cases in 10 States found that support obligations represented 40% of noncustodial parents' reported earnings on average.⁸ The same study found that child support obligations are a substantially higher proportion of income, 69% among noncustodial parents with reported earnings below the poverty line.

High percentage orders were found to be an issue for low-income noncustodial parents

participating in responsible fatherhood programs. An evaluation of OCSE responsible fatherhood programs in five States found that for noncustodial parent participants with reported earnings of \$500 per month or less, support obligations averaged over 100% of their reported earnings.⁹ The same study found that percentage orders were less for participants with reported earnings of \$501 to \$1,000 per month. Support obligations ranged from 21% to 61% of reported earnings for noncustodial fathers in this income range.¹⁰

There is a relationship between low income and high percentage orders. Both poor custodial parents and noncustodial parents face barriers to improving their income situation.¹¹ Barriers include lack of education and poor work records. Studies show that 42% have less than a high school education and about one-third lack recent work experience. Health issues and not having a telephone are other common employment barriers.

A significant proportion of low-income noncustodial fathers are also likely to be institutionalized. One study estimates that 29% of poor noncustodial fathers who are not paying child support are institutionalized, mostly in prisons.¹²

FACTORS CONTRIBUTING TO HIGH PERCENTAGE ORDERS AMONG LOW-INCOME NONCUSTODIAL PARENTS

Factors that contribute to high percentage orders are (1) the structure of child support guidelines, (2) income imputation and default orders, (3) retroactive support, (4) noncustodial parents owing support on multiple orders, and (5) the lack of modification of orders.

Guidelines

Most State guidelines assess between 17% and 37% of the noncustodial parent's net or gross income as the support obligation for one to two children.¹³ In addition, many guidelines require the establishment of minimum support orders—

