

Policy Brief #3

Interstate Comparison of Child Support Orders Using state Guidelines

Introduction

Child support order amounts are a controversial topic. Ideally, they should balance the ability of the noncustodial parent to pay child support with the needs of his or her child or children. How to balance these competing needs, however, is not always obvious. Questions of what is fair and fairness to whom serve as the basis of many of these debates, with public opinion and resulting public policy split over these issues.

Since October 1, 1989, judges and other child support administrators have been required to use state child support guidelines in setting child support orders unless there is a written, specific finding indicating why the application of the state guideline is inappropriate or unjust. As a result, state guidelines serve a pivotal role in determining how much child support is owed.

States differ in how they calculate child support orders and what amounts are in the final guidelines. As a result, there is significant disparity in child support orders across the nation. Since 1991, Dr. Maureen Pirog, co-director of the Institute for Family and Social Responsibility at Indiana University has conducted a national survey every two years which compares child support orders across the states. Highlights from this research serve as the basis of this policy brief. In particular, this policy brief focuses on how states address the competing financial needs of the noncustodial parent and the child or children.

Findings from this survey indicate that the state of Indiana is a national leader in addressing the needs of children through the child support system. In all five scenarios employed for this study, Indiana consistently showed an interest in adequate provision for the typical expenditures on children. Thus, Indiana is one of the few states that provides child support orders that approach the typical costs of raising children.

The Scenario

For the initial four rounds of the survey (1988, 1991, 1993 and 1995), four scenarios were created and sent to each of the fifty states and the District of Columbia. In 1988, the total family income levels in the scenarios represented the twenty-fifth, fiftieth, and seventy-fifth income percentiles as well as a very high income level for a family of four (Cases B-E). In 1997, a fifth scenario was added (Case A) that represents a three person, single-parent family eligible for public assistance in every state. Consequently, the addition of this very low-income scenario allows us to look more directly at the magnitude of child support orders for women and children who are very likely to be eligible for participation in the TANF program. The five scenarios and income levels are as follows:

Mother and father are divorced. Father lives alone. Mother and the party=s two children, ages 7 and 13, live together. Father pays union dues of \$30 per month and the health insurance for the two children at \$25 per month. Mother incurs monthly employment-related child care expenses of \$150. There are no extenuating factors to be added or considered for this unit. The gross combined monthly income for this family is as follows:

Case A:	Combined \$830	Father: \$530	Mother: \$300
Case B:	Combined \$1,200	Father: \$720	Mother: \$480
Case C:	Combined \$2,500	Father: \$1,500	Mother: \$1,000
Case D:	Combined \$4,400	Father: \$2,640	Mother: \$1,760
Case E:	Combined \$10,500	Father: \$6,300	Mother: \$4,200
The father files taxes as a single person with one deduction, while the mother files taxes as the head of a household with three deductions. The father			

spends less than 10 percent of his time with his children. Union dues are a mandatory condition of employment.

With the exception of the newly added Case A, the use of the same scenario and income levels over time provides a clear mechanism for determining how state child support guidelines are changing over time. This approach was selected rather than examining changes in family income levels or levels of inflation although both these latter factors clearly affect the well-being of children. Moreover, the scenario is relatively simple. It does not involve serial families, split physical custody, post-secondary educational expenses, or other extraordinary factors which tend to be treated very differently by states.

Comparisons with Other States

Table 1 contains the high and low child support orders for each scenario in 1997. Because the size of child support orders is a politically sensitive subject and national averages are affected by unusually high and low state child support orders, both the national mean and median child support orders are presented. While the mean and median are both measures of central tendency, half of the states have guidelines stipulating a higher child support order than the national median while the remaining half of the states have guidelines requiring less child support in a given family-income scenario. Therefore, the median is less sensitive to unusually high or low child support orders than the mean.

Table 1: Summary of Child Support Orders in 1997

	Mean	Median	Indiana Order	High	Low	States with Court Discretion
Case A	\$126	\$111	\$215	\$275 (SD)	\$0 (CT)	AZ, AR, MA, PA, VT
Case B	\$179	\$180	\$327	\$327 (IN)	\$0 (CT)	VT
Case C	\$424	\$436	\$692	\$782 (AZ)	\$251 (MS)	None
Case D	\$624	\$627	\$899	\$899 (IN)	\$415 (OK)	None
Case E	\$1175	\$1072	\$1462	\$1742 (WV)	\$801 (OK)	AL, MA, NJ, PA, UT

As demonstrated by the table, child support orders vary substantially among the states. For Case A, the family most likely eligible for public assistance in every state, orders vary from \$0 in Connecticut to \$275 in South Dakota, 51.7 percent of the father's gross monthly income. The mean child support order is \$126, 23.8 percent of the father's gross monthly income and the median is \$111, 20.9 percent of the father's gross monthly income. Indiana's child support order in this case is 40.6 percent of the father's gross total monthly income. It represents 171 percent of the mean child support order and 194 percent of the median child support order across the nation, indicating a higher than average order. However, as described below, even this relatively high child support order is barely adequate to meet the typical expenditures on children for this family.

In Case B, the child support orders vary from \$0 in Connecticut to \$327 in Indiana, with a mean value of \$179 and a median value of \$180. The mean child support order represents 24.9 percent of the father's gross monthly income and the median child support order represents 25 percent of the father's gross monthly income. The child support order in Indiana represents 45.5 percent of the father's gross monthly income. Indiana's child

support order in this case is 183 percent of the mean and 182 percent of the median child support order across the states, again indicating a relatively high child support order in this case compared to other states. The data indicate that Indiana has taken a leadership role in providing for the needs of children through the child support system.

In Case C, child support orders vary from \$782 in Arizona to \$251 in Mississippi, a difference of \$531. Arizona's child support order represents 52.1 percent of the father's gross monthly income whereas Mississippi's order represents 16.7 percent of the father's gross monthly income. The mean value of the child support order is \$424, representing 28.3 percent of the father's gross monthly income and the median value is \$436, representing 29.1 percent of the father's gross monthly income. Indiana's child support order in this case is \$692, which is 46.1 percent of the father's gross monthly income. The state's child support order is 163 percent of the mean and 159 percent of the median value of child support orders across the nation for this case, again indicating a higher than average child support order. Still, very few states, Indiana among them, actually approach the usual costs of raising children at this income level.

For Case D, the child support orders vary from \$899 in Indiana to \$415 in Oklahoma, a difference of \$484. In Indiana, the child support order is 34.1 percent of the father's gross monthly income and in Oklahoma it is 15.7 percent of the father's gross monthly income. The mean child support order is \$624, 23.6 percent of the father's gross monthly income and the median is \$627, 23.8 percent of the father's gross monthly income. The Indiana child support order in this case is 144 percent of the mean and 143 percent of the median. Again, the data indicate that Indiana has taken a leadership role in providing for the needs of children through the child support system.

For Case E, the child support orders vary from \$1742 in West Virginia to \$801 in Oklahoma, a difference of \$941. In West Virginia, the child support order represents 27.7 percent of the father's gross monthly income, whereas in Oklahoma, the order represents 12.7 percent of the father's gross monthly income. The mean child support order in this case is \$1175, 18.7 percent of the father's gross monthly income, and the median is \$1072, 17.0 percent of the father's gross monthly income. Indiana's child support order of \$1462 is 23.2 percent of the father's gross monthly income. It is 124 percent of the mean and 136 percent of the median for the country. Again, Indiana is one of the few states in which child support orders approach the typical expenditures on children.

Child Support Orders and Typical Expenditures on Children

When considering child support orders, courts must take into consideration typical expenditures on children. Table 2 presents data regarding child support orders in relation to typical expenditures on children. The Department of Agriculture has estimated the costs of raising children of various ages for families at three income levels (Lino, 1997). Given that the father earns 60 percent of the "family" income in Cases B-E, we assume that he should contribute 60 percent of the typical expenditures for his two children. The only exception was for Case A in which the father earns 63.9 percent of the "family" income. For this case, we assume that the father should contribute 63.9 percent of the expenditures for his children. As seen in Table 2, the total annual cost of raising two children, ages seven and thirteen, increases as family income grows.

Table 2: Noncustodial Parent's Share of Typical Expenditures on Children

	Mean (Median) order	Indiana support order	Lino			Betson	
			Income Categories	Total Monthly Expenditures on a 7 &13 year old	Father's Share	Total Monthly Expenditures for Two Children	Father's Share

Case A	\$126 (\$111)	\$215	<\$34,700	\$1,080	\$665	\$309	\$172
B	\$179 (\$180)	\$327	<\$34,700	\$1,080	\$623	\$434	\$235
Case C	\$424 (\$436)	\$692	<\$34,700	\$1,080	\$623	\$863	\$493
Case D	\$624 (\$627)	\$899	\$34,700 - \$58,300	\$1,449	\$844	\$1,421	\$827
Case E	\$1175 (\$1072)	\$1462	>\$58,300	\$2,092	\$1,230	\$3,074	\$1,819

Next, we compare the father's share of expenditures to the actual amounts of the child support orders at the various income. There is one serious limitation of this approach. Because Lino (1997) only reports the typical expenditures on two children for three broad income categories, the estimated child expenditures may over or underestimate actual expenditures for families at the lower or upper tails of each income category. For example, the annual Case A gross "family" income is \$9,960, which falls well below \$34,700, the upper income figure for Lino's lowest income category.

To address the problem of the broad income categories used by Lino in his child expenditures study, we also use the estimates for expenditures on two children (ages unspecified) by Betson (1997). Because the Betson estimates are based on much smaller income categories, the estimated expenditures for children, particularly at the upper and lower ends of the income distribution (Cases A, B and E) may more accurately reflect actual expenditures on children.

For Case A, the father's monthly expenditures on his two children should range between \$172 and \$665 per month using the Betson and Lino estimates, respectively. Again, the Lino estimates are likely to be quite high given that the \$9,960 annual income of the two parents falls at the lower end of this income category (<\$34,700). While the mean and median Case A child support orders are well below the estimates of what a father should pay if he contributes in proportion to his share of the "family" income, the Indiana child support guideline falls within the lower part of the appropriate range. Likewise, for Case B, if the noncustodial parent contributes in proportion to his share of the "family" income, the Betson and Lino estimates of an appropriate child support order would range between \$235 and \$623. Indiana's child support order of \$327 falls within the lower bound of this range.

For Case C, the child support order should fall between \$493 and \$623, our lower (Betson) and higher (Lino) estimates of the father's share of the typical expenditures on the two children each month. The Indiana child support order of \$692 actually slightly exceeds the noncustodial parent's share of these typical expenses. Similarly, for Case D, the typical expenditures on children range from \$827 to \$844. Indiana's child support order of \$899 exceeds the higher bound by \$55. For Case E, estimated typical expenditures range from \$1,230 to \$1,819. Indiana's child support order of \$1462 falls within this range.

While the mean and median child support orders consistently fall below estimated typical expenditures on children, Indiana's orders have kept pace with the expected costs of raising children. In three cases, Indiana's child support orders are within the range of typical expenditures on children and in two cases, the orders slightly

exceed the upper bound of typical expenditures on children. Indiana clearly demonstrates a clear commitment to protecting the financial interests of children through the child support system.

Conclusion

This paper has examined Indiana child support orders in light of two fairness considerations; the share of the noncustodial parent's income paid for child support and typical expenditures on children. We have found that Indiana tends to take a larger than average share of the noncustodial parent's income for child support. Consequently, the state also has a better than average record in providing for the needs of children in single-parent families, according to estimates of typical expenditures on children.

The full text of the 1997 report, *Interstate Comparisons of Child Support Orders Using State Guidelines*, can be obtained by sending a request and check for \$6.00 made payable to the Indiana University Foundation to the Institute for Family and Social Responsibility. The \$6.00 fee covers the costs of copying, postage and handling.

The Opportunity

At the May 11th conference sponsored by the Institute for Family and Social Responsibility in conjunction with the Indiana Family Social Services Administration, the adequacy of child support obligations to move welfare families toward self-sufficiency will be assessed, especially in cases where domestic abuse is present. The conference will focus on how domestic abuse affects the ability of low-income families to meet new welfare and child support program requirements and become self-sufficient. In addition, the conference will also provide information on how the state can design transitional assistance programs that serve batter women and their children appropriately.

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