

This paper investigates the relationship between unemployment rates and child support compliance by non-custodial parents. Using repeated, nationally representative cross sections from the Current Population Survey – Child Support Supplement (CPS-CSS), it seeks to understand whether the support provided by non-custodial parents varies with the business cycle: a question that has thus far been neglected by policy makers and researchers.

Our analysis is motivated by current demographic, economic, and political trends. First, the increasing number and share of single mother families in recent decades has made the activities of the child support enforcement system increasingly important (U.S. House of Representatives, 2009). Thus, factors that affect the amount of support provided by parents are of substantial import to both custodial parents (who are usually mothers) and to the federal government, which uses child support payments as a means to recoup welfare expenditures. Further, some evidence suggests that when the amount owed in back support is high relative to incomes, fathers decrease participation in the labor market (Miller & Mincy, 2009) resulting in an additional threat to support for their children. Although many previous analyses have explored demographic and other factors that predict non-custodial fathers' ability to pay (see, e.g. Sinkewicz & Garfinkel, 2009), to our knowledge no previous analysis has examined whether unemployment rates impact the ability of parents to provide formal child support for their children.

The potential importance of unemployment rates is underscored by the situation faced by the economy, which is in its most significant recession since the 1930s. Overall, the unemployment rate is 9.7%, the highest in the last 25 years (U.S. Bureau of Labor Statistics [BLS], 2009), with some groups experiencing much higher rates. For example, the rate for

African Americans is more than 50% higher than the national average at 15.1% and nearly 35% of African Americans aged 16 to 19 are unemployed (BLS, 2009). To the extent that unemployment and the provision of child support are indeed linked, such widespread unemployment may have serious consequences for custodial mothers and their children and may further hamper economic and social mobility for those most affected by the economy.

Last, there has been recent effort on the part of policy makers to expand income support policies for low income men and non-custodial fathers. Among the many proposed programs is an expansion of the Earned Income Tax Credit (EITC) to non-custodial parents (which is currently available only to custodial parents and childless workers). Each bill proposing an expansion of the EITC to non-custodial parents requires that they be fully compliant with their child support orders to receive the credit (Solomon-Fears, Falk, & Petit, 2009). To the extent that changes in unemployment affect parents' provision of child support, such changes might also limit their ability to collect an important income support, potentially hampering the implementation of policy in unexpected ways.

To explore the effects of unemployment rates, we use repeated, nationally representative cross sections from the CPS-CSS, which is the basis for all federal data on the child support program. The CPS-CSS is collected bi-annually, and we use data from the 1994 to 2006 surveys¹, resulting in a sample size of approximately 33,000 respondents. Our main dependent variable is whether a custodial parent received the full amount of child support due to them.

¹ Changes to the CPS-CSS survey in 1994 make it impossible to establish a reliable series of data with earlier surveys.

Our independent variable is a measure of unemployment rates from various geographic areas. In cases where metropolitan areas were identified by the CPS-CSS and where the non-custodial parent was coded as living in the same state as the custodial parent, we use the local metropolitan unemployment rate. Where a metropolitan area was not available the appropriate state rate was substituted. To minimize any additional measurement error in this independent variable, we use a three year average of the unemployment rates from the survey year and the years preceding and following the survey year. For our analysis, we use logistic regression analysis while controlling for socioeconomic characteristics of the custodial parent and for a measure of statewide child support enforcement, operationalized as annual expenditures per full time child support staff member (see Huang & Edwards, 2009). Last, as a means to control for unobserved, static characteristics of custodial parents' states that might potentially bias our estimates, we use state fixed effects.

Results suggest that a one percentage point increase in unemployment rates result in significant decreases in the odds that custodial parents receive any child support (Odds Ratio [OR] = 0.970, $p < .000$). This significant effect persists but is smaller after controlling for state fixed effects (OR = 0.981, $p < .05$). No significant effects are evident when the sample is restricted to respondents who were not married or who had never been married, suggesting that marital status does not moderate the effects of unemployment. Among the various racial and ethnic groups, the unemployment rate is only related to child support receipt in families where the custodial parent was Hispanic of any race (OR = 0.959, $p = .05$).

These findings provide evidence that unemployment rates are indeed related to the ability of non-custodial parents to provide support. This effect is robust to controlling for a

number of person-level covariates, child support expenditures, and for static characteristics of custodial parents' states. Given these findings, it is important to consider policy options that help buffer the effects of unemployment or that at least temporarily forgive the obligations of those non-custodial fathers most affected by the economic cycle.

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