

**A Study of Washington State Child Support Orders
Exploring the Universe of Cases Within the Context
of the Child Support Schedule**

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Washington State Department of Social and Health Services
Economic Services Administration
Division of Child Support
Management & Audit Program Statistics Unit
P.O. Box 9162
Olympia, WA 98507

Contributors

Jo Peters, Ph.D., Principal Investigator

Carol Welch, Ph.D., Project Director/Chief, MAPS

Jeannie Anthony Bowen, Project Research Analyst/ Support Enforcement Officer

Fanny Nyaribo-Roberts, Ph.D., Economist

Kate Stirling, Ph.D., Economist/Chair and Professor of Economics, University of Puget Sound

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A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Contents

List of Tables and Figures	4
Executive Summary	5
Chapters	
1. Overview of the Project	10
2. Obtaining an Economist’s Perspective	15
3. A Closer Look and Discussion	18
4. Measuring Recent Orders in Light of Arrearage Project Findings	59
5. Improving the Study of Orders	63
References	68

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

Tables

- 3.1 Low-Income Noncustodial Parents by Order Category and Gender
- 3.2 Characteristics of NCPs Below Need Standard in Non IV-D Orders
- 3.3 Interpretation of Schedule Requirements for Low-Income NCPs on Non IV-D Orders
- 3.4 Comparing Orders when the CP Is Not a Parent
- 3.5 Parents' Income Shares before Transfer Payment
- 3.6 Impact of Transfer Payment on Income Shares in Non IV-D Orders
- 3.7 Impact of Transfer Payment on Income Shares in IV-D Orders
- 3.8 Deviations on IV-D Orders when the NCP Was Not Poor
- 3.9 Downward Deviations on Non IV-D Orders when the NCP Was Not Poor
- 3.10 Deviations, Maintenance and Property Transfers in Non IV-D Orders
- 3.11 Impact of Downward Deviations on Non IV-D Orders when the NCP Was Not Poor
- 3.12 Net Income and Downward Deviations on Non IV-D Orders when the NCP Was Not Poor
- 3.13 Income Basis Used to Set Non IV-D Orders
- 3.14 Non IV-D Orders Using NCPs' Documented Actual Income
- 3.15 Methods of Imputing NCPs' Net Income on Non IV-D Orders
- 3.16 Monthly Net Income of Custodial Parents on Non IV-D Orders by Income Basis
- 3.17 Combined Net Income and Transfer Payment by Income Basis on Non IV-D Orders
- 3.18 Noncustodial Parents with Imputed Income on IV-D Orders
- 3.19 Custodial Parents with Imputed Income on IV-D Orders
- 3.20 Income Basis Used to Set IV-D Orders
- 3.21 Monthly Net Income of Custodial Parents by Income Basis on IV-D Orders
- 3.22 Combined Net Income and Transfer Payment by Income Basis on IV-D Orders
- 4.1 Net Income as a Percentage of Parents' Gross Income
- 4.2 Transfer Payment as Percentage of Gross Monthly Income

Figures

- 3.a Non-Parental Custodians on IV-D Orders
- 3.b Parents' Shares of Monthly Net Income
- 3.c Parents' Shares after Transfer on Non IV-D Orders
- 3.d Parents' Incomes and Transfer Payments on Non IV-D Orders
- 3.e Parents' Shares after Transfer on IV-D Orders
- 3.f Parents' Incomes and Transfer Payments on IV-D Orders

Executive Summary

This project was an investigation of the outcomes that flow from the point of order origin. We set out to investigate how well new child support orders in the state of Washington meet the requirements of the Washington State Child Support Schedule (WSCSS). Beyond that, what relationship do they exhibit to the goal of ensuring the economic well being of children? How are child support orders shaped by the process of creation, negotiation and signature?

For orders enforced within the state's child support (IV-D) system, how well do they relate to the goals of the Strategic Plan of the Office of Child Support Enforcement, especially the goals of increasing collection of child support, both current support and arrearages? How representative of all economic strata are the orders that end up in the IV-D case system?

The project had several goals.

1. The major part of this study was to conduct a comparative analysis of the non IV-D child support orders with the orders for the IV-D cases.
2. Investigate how well recent child support orders conformed to the requirements of the existing support guidelines (Schedule).
3. Examine ways to improve data collection for subsequent required periodic Schedule reviews by ensuring a more representative sample and by experimenting with use of automated data.
4. Conduct a process analysis of how child support orders are set in the absence of income information from the noncustodial parent (NCP) and/or the nonappearance of the NCP.
5. Subsequently, we decided to use a major finding from our arrearages project to examine our central findings in the present study.

The federal requirement that all child support orders be sent to a central support registry effective October 1, 1998 made it possible to examine the universe of child support cases within the state. Prior to this federal requirement, the Division of Child Support (DCS) did not have access to child support orders that allowed the NCP to pay the custodial parent (CP) directly. The central registry made it possible to examine the child support worksheets used to document the income and circumstances whereby child support is set for all parties in the state. This made it feasible to assess the full scope of child support orders, not just those within the IV-D system.

There were four categories of child support orders sampled:

1. Direct Pay orders are court orders that require the NCP to pay the CP directly, without the involvement of the IV-D agency.
2. Payment Services Only (PSO) orders are court orders that require the NCP to pay through the Washington State Support Registry (WSSR) rather than directly. WSSR is in fact the Division of Child Support, but the order is not enforced by DCS. These cases are not IV-D cases.
3. IV-D Court Orders are court orders like the two categories listed above, but are enforced by DCS.
4. IV-D Administrative Orders are orders created by DCS through the administrative process, outside the court system.

A Study of Washington State Child Support Orders **Exploring the Universe of Cases within the Context of the Child Support Schedule**

A stratified sampling strategy was chosen, selecting orders separately from the four categories of orders. Orders were sampled from the universe of child support orders entered in Washington State from October 2000 to March 2001. The final sample consisted of about 4,300 orders.

Determining the Income Basis of Orders

One goal of this project was to determine the income basis on which recent orders were predicated. The federal legislation that required states to set up uniform child support guidelines also required them to base child support on the income of the parties. However, because parents were not always willing participants in the process and sometimes their income sources could not be found, the law provided for methods of imputing income when necessary so that orders could be entered. Washington state accordingly has such provisions in its Schedule.

Several child support research studies, including two DCS studies completed in recent years, have raised concerns about whether child support orders are set appropriately for low-wage earning NCPs. These studies have found NCPs with orders higher than their reported or imputed income or wages.

Obtaining an Economist's Perspective

The project hired Dr. Kate Stirling as consultant to provide an economist's perspective. Stirling's study was completed in September 2002. The main report was an analysis of current orders, using the project's stratified sample. Her analysis showed income for the parties as well as child support transfers by categories. She showed that income differs widely between the IV-D and non IV-D orders. Median net monthly income of NCP-fathers was \$1,757. But there was significant variation between the IV-D and non IV-D cases, with a difference of over \$1,400 of net income per month. Direct Pay (non IV-D) NCP-fathers had the highest median income at \$2,846, while IV-D Administrative had the lowest median income of NCP-fathers at \$1,389.

The net median income of NCP-mothers was only 60.3 percent (\$1,060) of the median for NCP-fathers. The median value of the order amount (transfer payment) was \$327 for NCP-fathers. Again, amounts differed among the categories. Direct Pay NCP-fathers had the highest orders (median \$549), while Administrative IV-D were ordered to pay \$287.

For all NCP-fathers, the order amount represented 19 percent of their monthly net income. While some variation existed among the four strata, it was fairly small. NCP-mothers had lower orders, and the amount represented only 15.2 percent of their monthly net incomes.

Deviations from the presumptive amount were common. Stirling found that the proportion of deviations had increased compared to earlier reviews of the Schedule done in 1991 and 1995. Almost one-third of the orders for NCP-fathers had deviations. Most deviations (85.1 percent) were downward, reducing the order from the presumptive amount. Deviations were much more common among non IV-D orders (Direct Pay, 42.5 percent and PSO, 38 percent) than among IV-D orders (Court-Ordered, 30.3 percent; Administrative-Ordered, 14 percent).

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

Imputing of income was also widespread. In a preliminary analysis (done in spring 2002), Dr. Stirling had found that 32 percent of the IV-D orders used imputed income compared to 22.6 percent of the non IV-D orders. For her final report, she used an “imputation estimator” to help compensate for underreporting of imputation among the IV-D orders. She concluded that 50.3 percent of the IV-D orders used imputed income.

The second sub-report looked at compliance with the Schedule to see whether the sample orders conform to the guidelines at different steps of the worksheet. She concluded that generally the Schedule is followed. Errors were limited to non IV-D orders and arose from misunderstanding directions or reading the wrong line of the tables.

The third sub-report is titled the *Impact of Child Support: Balancing the Economic Needs of Children and Their Noncustodial Parents*. Here two questions were considered:

1. What is the impact of child support on the economic well-being of the custodial and noncustodial households?
2. What is the impact of child support on the poverty status of the custodial and noncustodial households?

The outcomes were not reassuring. Custodial parents and their children typically experienced a much greater drop in their standard of living than NCPs following family break up.

In the vast majority of cases, the economic burden falls disproportionately on the custodial parent and the children. Custodial parents and their children typically experience a decline in their standard of living of more than 40 percent, compared to a much smaller drop for noncustodial parents....[T]he significant decline in the standard of living is most often felt by women and their children.

However, there was a decided difference in economic well-being between the IV-D families, on the one hand, and the non IV-D, on the other. Poverty was “virtually absent” among the non IV-D cases. Poverty rates of 21 percent exceeded the national average of 12 percent for the IV-D families even when households were intact. Splitting the resources between households greatly increased the poverty rate, especially for the CP and children. For CP-mothers and children, the poverty rate rose to a mean of 49 percent. Meanwhile, the NCP-fathers’ poverty rate was 15 percent, indicating a drop in poverty rate for them.

A Closer Look at the Issues: The IV-D Perspective

Chapter 3 of the project’s final report was devoted to a closer look and discussion of major issues raised by Stirling. The discussion complements Stirling’s study by adopting a somewhat different perspective than that of the economist. Instead of the economist’s theoretical framework of economic well being, we looked simply at income shares prior to transfer payment and then showed the redistribution impact of the transfer payment. Although orders do redistribute income between the parties, the impact is limited by two major factors.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

1. Many of the IV-D orders have very limited combined net income, with a median combined net income of about \$2,300. Simply redistributing the existing income cannot repair the results of splitting low income between two households.
2. For both IV-D and non IV-D orders, the larger problem is the economic inequality of fathers and mothers. On average, fathers have about 65 percent of the combined net income before transfer payment. Usually the CP is the mother, and usually the CP has lower income. When the party with substantially lower income also has the children, the result will be a drop in economic well being unless the transfer payment covers the gap with or without public assistance. (Many of the IV-D families are receiving TANF at the time of order entry, but TANF is not counted as income. Moreover, TANF grant amounts were not available as study elements.)

The income bases (reported on the worksheets—“actual” versus imputed) for both NCPs and CPs were examined on the orders. It took advantage of the coded information on non IV-D orders provided by the project’s research analyst. It provided additional analysis of the reasons for downward deviations, particularly on the non IV-D orders.

Are Recent Orders Likely to Lead to Debt Growth?

Chapter 4 examines the sample orders in light of findings from the Arrearage project. Only general comparisons between the two studies could be made. The Arrearage project used statistical modeling of the entire DCS caseload to determine the “breakpoint” for arrearage growth. A major caveat is that the Arrearage project used gross wages reported from the quarterly Employment Security Department (ESD) wage records. The ESD data covers only covered employment, or about 85 percent of the wage and salary earners in the state. Wages and salaries are but one component of income, albeit the largest category. Among high income households as well as among low income households, wages and salary account for far less than 75 percent of income. In fact, wages and salaries account for only about 53 percent of low income households. The wage information available in the ESD database is a more valid report of earnings than the self-reporting (often unverified) income for setting child support order amounts. Often the income is imputed for one or both parties, and gross income was often missing.

The Arrearage study took into account growth of arrearages over time and included noncustodial parents with multiple child support to determine their total debt load. It determined that a 20 percent order of gross wages is the breakpoint, above which arrearages would grow. Further, the study included child support orders outside as well as within the DCS caseload. No multiple child support orders were examined in the present study. This study used self-reported income off child support schedule worksheets and orders for one point in time. The breakpoint for the appropriate percentage of monthly order amount to net income has not been determined in the present study. For the present study, the majority of orders fell well below 20 percent of gross income, which is not surprising given all the differences between the two studies.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

Improving the Study of Orders

Under the Washington State Child Support Schedule, child support orders are supposed to consist of three elements: the order itself; the worksheet that shows income for both parents and the successive steps in calculating each parent's share of the obligation; and a summary report. The summary report was specifically intended to provide the necessary information to carry out the mandated quadrennial reviews of the Schedule. However, the law did not require the summary report, and it has largely fallen into disuse. Therefore, to conduct a review or other study of child support orders, the researcher must obtain information from both the order itself, which is text with embedded numbers, and the worksheet.

One of the goals of this project was to explore how to improve data collection for future reviews and order studies by ensuring a representative sample and by experimenting with use of automated data. For this project, we used a mix of administrative data for the IV-D orders and direct coding and data entry for the non IV-D orders. Using administrative data for IV-D orders made it possible to analyze a larger sample. Direct coding and data entry would have produced more consistent results for a smaller sample. Integrating the two methods to ensure the variables measured what we intended to measure presented challenges.

For this project we used information from two administrative databases for the IV-D orders. We used some Order Record screen elements taken from flatfiles, and we used a temporary database with worksheet generation records from an internal program called SSGen. Neither was completely reliable.

Mandated Schedule reviews require reliable records. DCS lacks a database with accurate and comprehensive order information. Imaging of orders and other case documents makes it possible for DCS staff to view orders, but imaging does not put needed elements into a database. Coding and data entry from imaged or paper records are slow and costly ways to get needed data.

Setting accurate orders requires verified income information. Self-reporting of income and the negotiations that arise in splitting households result in blending of fact and fiction around income. What gets captured on the worksheets and in the orders may reflect the end result of negotiating rather than a pure accounting of income. At the lower end of the income stratum, the Schedule excludes much of the non-wage public assistance income supports. Administrative sources of gross wages provide more objective measures of what a person's ability to pay child support may be, but it misses about 25 percent of workers who are not covered by the employment system. Income, whether imputed or "actual," is likely to be an estimated number.

Using income information from child support orders/worksheets presents research challenges. These challenges arise mainly from the interweaving of actual and imputed income on orders. Both IV-D requirements and the provisions of the Washington State Child Support Schedule necessitate use of imputed income in some instances. By not quantifying all income sources, even if they are later disregarded for setting order amounts, there is a greater probability that imputing income of both parties will continue.

1. Overview of the Project

This final report presents the findings of the research project, A Study of Washington State Child Support Orders: Exploring the Universe of Cases within the Context of the Child Support Schedule. The study was developed in response to the federal Office of Child Support Enforcement's request for proposals to study child support orders. The Washington State Division of Child Support conducted this project under OCSE Grant Number 90-FD-0035. The project began September 30, 2000.

The child support order is the cornerstone of the public commitment to ensure the economic well being of children whose parents do not share the same household. For some families, private attorneys draw up the order, a judge signs it, and from then on the noncustodial parent (NCP) pays the custodial parent (CP) directly. Beyond signing and recording the order, the state's representatives are not involved. But for other families, the state's child support (IV-D) agency plays a crucial, continuing role in getting the order signed and enforced, as well as in collecting and distributing child support payments. Others fill out the worksheets without assistance or with help from courthouse facilitators, for example.

This project was an investigation of the outcomes that flow from the point of order origin. We set out to investigate how well new child support orders in the state of Washington meet the requirements of the Washington State Child Support Schedule (WSCSS, or Schedule). Beyond that, what relationship do they exhibit to the goal of ensuring the economic well being of children? How are child support orders shaped by the process of creation, negotiation and signature? This is a complicated issue since there are four distinct categories of child support orders within the state.

For orders enforced within the IV-D system, how well do they relate to the goals of the Strategic Plan of the Office of Child Support Enforcement, especially the goals of increasing collection of child support, both current support and arrearages? How representative of all economic strata are the orders that end up in the IV-D case system?

The project had several goals. The major part of this study was a comparative analysis of the non IV-D child support orders with the orders for the IV-D cases. The second goal was an investigation of how well recent support orders conformed to the requirements of the existing support guidelines. A third goal was to assess how to improve data collection for required quadrennial support schedule reviews by ensuring a representative sample and by experimenting with use of automated data. The fourth goal was a process analysis of how child support orders are set in the absence of income information from the NCP and/or the nonappearance of the NCP. Subsequently, fifth, we decided to use a major finding from our arrearages project (completed in mid-2003) as a tool for examining our central findings in the present study.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

Methodology

The federal requirement that all child support orders be sent to a central support registry effective October 1, 1998 made it possible to examine the universe of child support cases within the state. Prior to this federal requirement, the Division of Child Support (DCS) did not have access to child support orders that allowed the NCP to pay the CP directly. The central registry made it possible to examine the worksheets used to document the income and circumstances whereby child support is set for all parties in the state, not just those within the Title IV-D system.

There are four categories of child support orders sampled, the first two listed below are non IV-D and the second two are IV-D orders from the DCS case load.

1. Direct Pay orders are court orders that require the NCP to pay the CP directly, without the involvement of the IV-D agency. Most are either divorce/dissolution decrees or modifications of previous court orders. They are drawn up by private attorneys and/or the parties themselves, and signed by a superior court judge.
2. Payment Services Only (PSO) orders are court orders that require the NCP to pay through the Washington State Support Registry (WSSR), which is DCS, rather than directly to the custodial parent (CP). Because DCS does not enforce these orders and provides only payment processing and recordkeeping services, these cases are not IV-D cases.
3. IV-D Court Orders are court orders, but are enforced by DCS. Most of these orders were paternity orders entered by prosecuting attorneys under contract with DCS. Prosecutors assist DCS in establishing paternity in cases in which the parents have not been married, have not signed a paternity affidavit, and the CP and child are receiving TANF.
4. IV-D Administrative Orders are created by DCS through the administrative process. The process begins when DCS serves a notice of proposed child support on the parties. To fulfill due process requirements, the notice contains extensive explanations of hearing rights, and it must be successfully served on the NCP. The notice becomes an order through agreement, signature of an administrative law judge (ALJ), or through default.

A stratified sampling strategy was chosen, selecting orders separately from the four categories of orders. Orders were sampled from the universe of child support orders entered in Washington state from October 2000 to March 2001 in the following categories:

	<u>Universe</u>	<u>Sample</u>
• Direct Pay:	2,075	1,014
• PSO:	782	445
• IV-D Court:	10,075	1,390
• IV-D Administrative:	5,443	1,465

The Missing Child Support Order Summary Reports

Under the provisions of the WSCSS, child support orders consist of three elements. The first element is the order itself, which follows a prescribed format with numbered paragraphs. The order contains the names and ages of the children, the names and incomes of the parents, the

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

final child support transfer payment amount, and a brief explanation of any deviations allowed to the standard child support calculation.

The second element is the child support worksheet that provides columns for each parent. There are lines for wages, other income, certain deductions and credits, gross and net income, the detailed calculation of the basic child support obligation, the proportionate share for each parent, and the standard calculation. The worksheet provides the space for calculating required limits on the support amount in the case of low-income parents. The worksheet also provides space for outlining grounds for deviation from the standard calculation—such as other children for whom a parent is paying child support, or other children in the household. But the worksheet lacks two simple elements: (a) the final transfer payment amount (current support), and (b) the number of children on the order. (*See References for a link to the Sample Report.*)

The third element is the child support order summary report. This one-page summary was intended to provide a tally of the data elements that would be needed, including documentation of any deviations, for the mandated review of the Schedule the state must conduct every four years in compliance with the IV-D State Plan.

Unfortunately, the summary report cannot fulfill this function. State law does not mandate that the summary report be completed. Instead its use is strongly encouraged. The worksheets are required, and failure to comply is punishable under perjury laws. Although we found summary reports completed for some of the sample, they were usually missing.

Another major problem is that the summary report does not synchronize correctly with the worksheets. Note especially the discrepancy between the two regarding line 13 and line 15. (*See References for a link to the Sample Report and the Worksheets.*) Consequently, the summary report could not be used as the source for either a review or a research study. Instead we needed to acquire copies of the orders and worksheets, code and data enter the needed information into a database.

Previous support schedule reviews had been conducted on the summary reports alone on the assumption that they were to be the basis for formal support schedule reviews. Sampling for previous reviews was done on the completed summary reports forwarded to the Administrator for the Courts, now the Administrative Office of the Courts, as required by state law. Initially, the summary report forms were used. Over time, they fell out of use and were not updated when the schedule worksheet forms were updated. The unintended consequence of basing the reviews solely on the filed paper copies of the summary reports was that prior reviews may not have been representative of all orders because the summary sheets were not universally completed.

Using Imaged Documents

Because of recently implemented technology at DCS, the documents of the non IV-D orders were available in an imaged format through the Washington State Support Registry (WSSR). The imaged documents included the support order and worksheets detailing the income of the

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

parents, the children's ages, other relevant circumstances that affected the amount of child support, as well as the computational steps used to arrive at order amounts.

Viewing or printing out the imaged documents did not, of course, put the information into a data file. A collections staff person was hired to code information into a database from orders and worksheets, requiring technical knowledge of order setting and the IV-D program.

Cross-Matching DCS Administrative Data

For the IV-D orders and some PSO data elements, we relied mainly on flatfile data, which incorporated the previous work of DCS staff who had input the order information into SEMS (Support Enforcement Management System, the computerized record system). As an experiment, we matched data from a separate database maintained by SEMS staff to get the detailed worksheet information. This, too, proved a complicated process for the economic analyst who carried out the data matches. Multiple "practice" or draft worksheet records existed for some orders, and staff had occasionally created worksheets for multiple orders for the same individual within the sampling time frame. These circumstances created the possibility for cross-matches gone awry. Consequently, tedious data cleaning was required, continuing for months.

Obviously, wrestling with the data collection process served more than one purpose. The primary purpose was to gain accurate data for the research project. But we also were looking at future options for the state's required periodic review of the schedule.

How Accurate Is Income Information?

One goal of this project was to determine the income bases on which recent orders were predicated. The federal legislation that required states to set up uniform child support guidelines also required them to base child support on the income of the parties. However, because parents were not always willing participants in the process and sometimes their income sources could not be found, the law provided for methods of imputing income when necessary so that orders could be entered. Washington State accordingly has such provisions in its child support schedule.

Several recent child support research studies, including a DCS study on arrears have raised concerns about whether child support orders are set appropriately for low-income or low-wage earning NCPs. (*See References for Sorenson, OIG, Formoso and Peters.*) Some NCPs have orders higher than their reported gross wages.

In the case assessment segment of the DCS arrearages project, we found that the basis for setting the child support order was frequently poorly documented in the case record, and that only 12 percent were clearly based on actual wages as reported in the administrative data from the Employment Security Department (ESD). These findings raised questions about the accuracy of the orders for the circumstances of the parents. But without an examination of the orders themselves, it was difficult to determine whether the problem was primarily in the process or in the standards set by the schedule. Moreover, the arrearages project dealt with older cases. Were orders appropriate at the time they were entered but not kept current with changes in the NCP's

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

circumstances? Or, did the method of imputing income produce orders that were high for the NCP's income?

Are more recent child support orders more accurate? Are they more often based on actual wage information or documented income? When based on imputed income, are the resulting orders more closely aligned to earning capacity than the older orders underlying the debts studied in the arrearages project? We planned to address these questions in our study of child support orders.

Imputing Income

In our original proposal, we included a “process analysis of how child support orders are set in the absence of income information from the noncustodial parent and/or the nonappearance of the noncustodial parent.” It became clear that our original statement was too narrow. Imputing income is not limited to situations in which the NCP failed to provide income information or failed to appear at a hearing. It is not limited to NCPs. It is not limited to IV-D cases.

Because Washington uses a variation of the income shares model, both parents' incomes are listed on the schedule worksheet and in the order. Whoever fills out the worksheets, the attorney, DCS staff person, or the parents themselves, must record both parents' income information, even when the custodial parent is a stay-at-home mom. The schedule also provides that if a person is voluntarily unemployed or underemployed, income may be imputed.

A number of scenarios are encountered in the worksheets. For example, a stay-at-home mother may have income imputed at zero, at minimum wage, or at the national median net for her age group and gender. In some counties, a CP who is receiving TANF will have income imputed at full-time minimum wage if the youngest child is over six years of age. (TANF itself is not counted as income.) A person who is employed part-time may have income imputed to full-time at that hourly wage. Moreover, it is not clear whether “income” is truly “actual” or “imputed.”

Income is imputed in different ways. The schedule permits income to be imputed at national median net for the age group and gender, using a chart that is periodically updated, only if there is no other income information. If national median net income is used, that income category is, by definition, higher than that of half the people in the U.S. in that age group and gender with reported income. However, imputing to a national median net income is not the only practice, and imputing is not, in fact, limited to that circumstance. If a person has wages reported to Employment Security within the past five years, that wage may be imputed for the present and future. Imputing at minimum wage is also common. Sometimes it is an estimate of the parent's capacity to earn, based on training or background. Obviously, income used on worksheets means different things. Consequently, the assumption that an order set on the basis of such income is a realistic amount of current child support may not be correct.

2. Obtaining an Economist's Perspective

One of the challenges of this project was to integrate the perspectives of disciplines involved in creating, maintaining, interpreting, applying, and enforcing child support guidelines. The federal legislation that requires states to apply uniform guidelines had several purposes, among them the intention that states would base child support on the income of the parties, rather than the cost of public assistance expended or the opinion of the judge, among other factors. The child support schedules created by the states in response, including Washington's, relied heavily on the body of literature created by household economists on the costs of raising a child. The conformity of orders to the support schedule was examined shortly after it was first implemented. (*See Reference for Welch, et al.*)

Courts and judges apply the schedule in granting divorces and modifications. In Washington State, the Administrative Office of the Courts maintains the schedule forms. Private attorneys conduct much of the work in representing clients, drawing up child support orders, and filling in the blanks on the schedule worksheets with income, presumptive transfer payments, and proposed deviations. DCS claims officers, collection staff, and affiliated prosecutor staff are intensely involved with the resulting child support orders and are responsible for proposing many administrative orders and paternity orders, as well as negotiating settlements.

A Study within a Study

The project hired Kate Stirling, Professor and Chair of the Economics Department at the University of Puget Sound, as consultant to provide an economist's perspective. Dr. Stirling combines extensive knowledge of child support research and issues with a broader research background in welfare economics.

In 1990-1991, Stirling reviewed the Washington State Child Support Schedule, as mandated by federal and state law. Stirling also conducted the subsequent 1995 review to determine whether Washington orders continued to be in conformity with the Schedule.

For the present study, Stirling was asked to address several major topics in her analysis of the project sample with the aim of placing the results of the analysis in a wider context. Looking at the sample, what was the income distribution of parents as documented in these orders? Did the four categories of orders show distinct differences in parents' incomes? Did order amounts differ significantly between the categories? Were the order amounts in conformity with the existing Schedule guidelines, given the incomes of the parents?

Since the first statewide schedule was adopted in September 1991, how have expenditures on children changed, according to current economic literature? How does Washington's schedule measure up in terms of economic data and policy issues?

A particular area of interest was the impact of the schedule on children in low-income families and children in poverty. We asked Stirling to consider the following questions:

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

- Can the schedule provide continuity of expenditures after dissolution of the relationship?
- How does the schedule affect children at different income levels?
- Is poverty reduction a realistic goal?
- What sorts of policy recommendations can be made for children in poverty?
- Is it possible to address issues of the cost of raising a child within the context of a child support schedule review?

Dr. Stirling completed her study in September 2002, originally as part of the project's Fourth Performance Report. Subsequently, she was asked to carry out the required periodic review of the schedule—her third review for Washington. Using the data provided for this project, she submitted the review in March 2003. This review followed the format required for the periodic review of the schedule. It concluded that compliance with the schedule was high.

Summary of Stirling's Major Findings

Stirling's study of orders for DCS is divided into three smaller reports together with tables and appendixes. The main report is an analysis of current orders, using the project's stratified sample. Her analysis showed income for the parties as well as child support transfers by categories. She found that income differs widely between IV-D and non IV-D orders. She provided considerable detail on income and orders for NCP-mothers and NCP-fathers separately, and for CP-mothers and CP-fathers separately as well. She looked at income and transfer payments by region and by order type as well as by IV-D status.

Median net monthly income of NCP-fathers was \$1,757. But there was significant variation between the IV-D and non IV-D cases, with a difference of over \$1,400 of net income per month. Direct Pay (non IV-D) NCP-fathers had the highest median income at \$2,846, while NCPs with Administrative IV-D orders had the lowest median income of NCP-fathers at \$1,389.

The median value of the order amount (transfer payment) was \$327 for NCP-fathers. Again, amounts differed among the categories. Direct Pay NCP-fathers had the highest orders (median \$549), while Administrative IV-D were ordered to pay \$287.

For all NCP-fathers, the order amount represented 19 percent of their monthly net income. While some variation existed among the four strata, it was fairly small. NCP-mothers had lower orders, and the amount represented only 15.2 percent of their monthly net incomes. The net median income of NCP-mothers was only 60.3 percent (\$1,060) of the median for NCP-fathers.

Deviations from the presumptive amount were common. Almost one-third of the orders for NCP-fathers had deviations. Most deviations (85.1 percent) were downward, reducing the order from the presumptive amount. Deviations were much more common among non IV-D orders (Direct Pay, 42.5 percent and PSO, 38 percent) than among IV-D orders (Court-Ordered, 30.3 percent; Administrative-Ordered, 14 percent). Stirling noted that "the significant variation in deviation rates suggests that different award-establishment processes are occurring for the Administrative IV-D cases than the other strata."

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

Imputing of income was also widespread. In a preliminary analysis (done in spring 2002), Stirling had found that 32 percent of the IV-D orders used imputed income compared to 22.6 percent of the non IV-D orders. For her final report, she used an “imputation estimator” to help compensate for underreporting of imputation among the IV-D orders. She concluded that 50.3 percent of the IV-D orders used imputed income. In the subsequent review of the schedule, she concluded that the “best estimate is that 45.8 percent of the orders [in the sample] are based on imputed income.”

Was the Schedule Being Followed?

The second sub-report looks at compliance with the schedule to see whether the sampled orders conform to the guidelines at different steps of the worksheet. She concluded that the schedule is followed. Errors were limited to non IV-D orders and arose from misunderstanding directions or reading the wrong line of the tables.

Child Support and Economic Well-Being

The third sub-report is titled, the *Impact of Child Support: Balancing the Economic Needs of Children and Their Noncustodial Parents*. Here two questions were considered:

- What is the impact of child support on the economic well-being of the custodial and noncustodial households?
- What is the impact of child support on the poverty status of the custodial and noncustodial households?

Custodial parents and their children typically experienced a much greater drop in their standard of living than NCPs following family break up.

The analysis of economic well-being ... suggests the critical importance of adequate child support orders. Each component of the analysis has underscored the differential impact of the child support order on the custodial parent and the children compared to the impact of child support on the noncustodial parent. In the vast majority of cases, the economic burden falls disproportionately on the custodial parent and the children. Custodial parents and their children typically experience a decline in their standard of living of more than 40 percent, compared to a much smaller drop for noncustodial parents. . . . [T]he significant decline in the standard of living is most often felt by women and their children.

There was a decided difference in economic well-being between the IV-D families and the non IV-D families. Poverty was “virtually absent” among the non IV-D cases. Poverty rates of 21 percent exceeded the national average of 12 percent for the IV-D families. Splitting resources between households greatly increased the poverty rate, especially for the CP and children. For CP-mothers and children, the poverty rate rose to a mean of 49 percent. Meanwhile, the NCP-fathers’ poverty rate was 15 percent, indicating a drop in poverty rate for them.

3. A Closer Look and Discussion

In this section, we look more closely at major issues raised by Stirling. Our discussion will occasionally adopt a different perspective than that of the economist. We will also take advantage of the richly coded information on non IV-D orders.

Income Differences between IV-D and Non IV-D Orders

Stirling found a significant variation between IV-D and non IV-D cases in net income of NCPs, with a median difference of over \$1,400 per month for fathers. Median net income of NCPs on IV-D orders was only about one-half that of NCPs on the non IV-D orders. The generally lower incomes of both parents on IV-D orders, exacerbated by the splitting of income between two households, resulted in an even sharper drop in economic well being for IV-D households than for the non IV-D. The poverty rate for custodial households was well over 40 percent.

In this section we looked at low-income NCPs and the resulting transfer payments in more detail. Then we looked at an important difference between custodians on IV-D orders and their non IV-D counterparts. In accordance with Stirling's analysis, we will usually report median amounts rather than means in our discussion.

Low-Income Noncustodial Parents

Noncustodial parents (NCPs) with low incomes make up a larger share of IV-D orders than of the non IV-D, but they exist in both. Considering the rather small number of mothers who are NCPs, NCP-mothers make up a disproportionately large share of the low-income NCPs.

Table 3.1 summarizes information on low-income NCPs by order category (IV-D versus non IV-D) and by gender. The table includes NCPs with income below the one-person Need Standard as well as NCPs whose transfer payments were lowered to keep them above the Need Standard. The Need Standard was roughly \$800 net income at the time of this study.

The top section looks only at NCPs below the Need Standard. The table shows monthly net income and transfer payment (mean and median) for these NCPs with separate columns for non IV-D fathers, non IV-D mothers, IV-D fathers and IV-D mothers. The median net income is \$0 for all four columns here, while the mean varies from a high of \$300 for non IV-D fathers to a low of \$155 for IV-D mothers. Transfer payment means look quite similar for the four columns, while the medians are the same, \$25, reflecting the presumptive minimum of the WSCSS.

The next section looks at NCPs whose transfer payments were lowered because of the Need Standard limit. Here the median incomes were very close, varying from the high of \$990 for non IV-D fathers to a low of \$936 for mothers, with the two IV-D groups in-between. Yet the transfer payments show a significant disparity between the non IV-D on the one hand (medians \$65 and \$75) and the much higher IV-D on the other at \$172.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.1. Low-Income Noncustodial Parents by Order Category and Gender

	Non IV-D Orders		IV-D Orders	
	NCP-Father	NCP-Mother	NCP-Father	NCP-Mother
NCPs below Need Standard ^a NCP's monthly net income	27	52	178	148
Mean	\$ 300	\$ 263	\$ 171	\$ 155
Median	\$ 0	\$ 0	\$ 0	\$ 0
Transfer payment				
Mean	\$ 44	\$ 32	\$ 42	\$ 34
Median	\$ 25	\$ 25	\$ 25	\$ 25
Order lowered for Need Standard limit NCP's monthly net income	14	24	155	52
Mean	\$ 1,185	\$ 965	\$ 1,026	\$ 993
Median	\$ 990	\$ 936	\$ 971	\$ 969
Transfer payment				
Mean	\$ 95	\$ 97	\$ 171	\$ 159
Median	\$ 65	\$ 75	\$ 172	\$ 172
Low-income NCPs (2 groups combined)*	42	76	333	200
NCP's monthly net income				
Mean	\$ 608	\$ 485	\$ 569	\$ 373
Median	\$ 624	\$ 540	\$ 720	\$ 0
Transfer payment				
Mean	\$ 62	\$ 53	\$ 102	\$ 67
Median	\$ 50	\$ 25	\$ 50	\$ 25
NCP's share of parents' combined income ^b	(N=35)	(N=72)	(N=262)	(N=105)
Mean	39.6 %	17.8 %	58.9 %	78.5 %
Median	36.0 %	21.0 %	51.7 %	100 %
Percentage of NCPs in category ^c	8.1 %		18.7 %	

^a NCPs with monthly net income below \$800 (Need Standard for one person was \$797 in this period.)

^b Income shares before transfer payment. Note, however, that spousal maintenance awarded to some NCP-mothers in the non IV-D category is included in their net income.

^c For non IV-D orders, 26.6 % of NCP-mothers are included in this table; for IV-D orders, 36.2% of NCP-mothers are included here.

* The transfer payment for IV-D NCP-fathers was significantly higher ($p < .001$) than the transfer payment for IV-D NCP-mothers, non IV-D NCP-fathers, or non IV-D NCP-mothers. However, the income for these IV-D NCP-fathers differed significantly only from that of IV-D NCP-mothers.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

The bottom section combines the NCPs below and just above the Need Standard. Clearly, there are far more low-income NCPs with IV-D orders (333 fathers, 200 mothers) than there are with non IV-D orders (42 fathers, 76 mothers). In income, IV-D mothers rank far below the others (mean \$373 and median \$0). Yet when we look at transfer payment, the IV-D mothers pay about the same as the non IV-D parents. IV-D fathers pay significantly higher transfer payments than the non IV-D parents as well as IV-D mothers, yet their income is significantly higher only than that of IV-D mothers. Again, there is a suggestion that there is a disparity in orders with low-income NCPs on IV-D orders getting higher orders than their non IV-D counterparts. Caution is urged in drawing conclusions because of the small numbers of cases in the non IV-D category.

Together, low-income NCPs make up 8.1 percent of NCPs with non IV-D orders. Of these low-income non IV-D NCPs, over one-fourth (26.6 percent) were NCP-mothers. On IV-D orders, 18.7 percent of NCPs were classified as low income for this table. Of the low-income IV-D NCPs, over one-third (36.2 percent) were NCP-mothers.

NCPs with Income below the Need Standard on Non IV-D Orders

Table 3.2 examines the characteristics noted in the orders for the income status of low-income NCPs. Two-thirds of the NCPs on non IV-D orders who had incomes below the Need Standard were females.

Table 3.2. Characteristics of NCPs below Need Standard in Non IV-D Orders

Characteristics of Non IV-D NCPs below Need Standard	NCPs (#)	NCPs (%)
NCP listed as employed or self-employed	13	16%
NCP disabled at time of order entry (some NCPs with benefits and others without benefits)	13	16%
NCP's substance abuse, family violence, or abuse mentioned in order ^a ; NCP listed as "unemployable", homeless, on public assistance ^b , incarcerated in order	26	33%
NCP listed as "unemployed"	15	19%
Total NCPs with stated barriers	54	68%
Total NCPs with income below need standard	79	100%

^a Orders with an incarcerated, violent, addicted, or abusive NCP include five with non-parental custody and several with restraining orders restricting or prohibiting contact with children.

^b All of the income was for one NCP receiving SSI, which was (wrongly) counted as income; the three parents receiving TANF and GAU were listed with \$0 income. However, only one of the four NCPs received a zero order (i.e., \$0 in monthly support).

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

The barriers are similar to those found on IV-D cases. Some NCP-mothers had little work experience or had low wage jobs, such as babysitting,. The difference is that the CP was not on TANF and was not required to apply to DCS for child support enforcement. The NCPs below the Need Standard were split between Direct Pay (at 48) and Payment Service Only (PSO at 31).

Some attorneys and parents found it difficult to understand the support schedule instructions provided for filling out the worksheets, especially lines 15a through 15e. Table 3.3 shows the variety of interpretations on these orders. The left column shows what the worksheet’s author thought was required. The next column shows what was done to implement the requirement, including whether it was thought to be a “deviation.” The last two columns show the variation in the transfer payment, depending on interpretation. Despite this variation, the non IV-D orders were about the same as the IV-D orders when we look only at NCPs below the Need Standard.

Table 3.3. Interpretation of Schedule Requirements for Low-Income NCPs on Non IV-D Orders

Interpretation of Order Requirements for Very Low Income Noncustodial Parents (NCPs)	Non IV-D Orders with NCP’s Income Below the Need Standard			
	Order-Setting Decision	Number of Orders	NCP’s Net Income (Mean)	Transfer Payment (Mean)
Presumptive minimum of \$25 per month per child (pm pc) is the standard calculation		33		
	Charge \$25 pm pc	22	\$ 107	\$ 35
	Deviate down to \$0	11	\$ 345	\$ 0
Standard calculation is \$0 but must charge presumptive minimum		6		
	Charge \$25 pm pc	6	\$ 0	\$ 42
Standard calculation is \$0, so order amount is \$0		8		
	Charge \$ 0	8	\$ 0	\$ 0
Standard calculation is higher than \$25 pm pc		27		
	Use standard calculation	7	\$ 438	\$ 122
	Deviate down to \$25 pm pc	14	\$ 545	\$ 34
	Deviate down to \$0	6	\$ 545	\$ 0

Who Is the Custodian?

The amount of child support ordered depends on the custodial parent’s (CP) income as well as the NCP’s income. It is helpful to distinguish the type of custodian on the order as well. Usually the custodian is a parent, either the father or mother of the children on the order. However, in a substantial segment of IV-D orders, the child is either in foster care or being cared for by another relative. This arrangement is likely in administrative orders, which are drafted internally by DCS. There are also a few non IV-D orders with non-parental custody. In these situations, the CP’s income is not a meaningful variable.

Table 3.4 compares orders in which the CP is a parent to those in which the CP is not a parent, showing substantial differences in transfer payment as well as in NCP’s net income. These differences exist for both IV-D and non IV-D orders.

The contrasts are more marked for the non IV-D orders. Here the non-parental custodians were grandparents who care for children whose parents were incarcerated or incapacitated by mental illness or substance abuse. The income of \$0 is listed for the NCPs. Where a transfer payment was set above \$0, it was for the presumptive minimum of \$25 per month per child.

The circumstances that led to non-parental custodians on non IV-D orders exist on the IV-D side as well. But usually they result in children on TANF or in foster care. Other differences are, first, the much larger proportion of IV-D orders with children not in the care of their parents— 423 or 14.8 percent compared to four-tenths of 1 percent of the non IV-D orders. Second, on the IV-D orders, the NCPs had reported or imputed income attributed to them, with a median \$967. As a result, the IV-D transfer payments were not confined to the presumptive minimum.

Table 3.4. Comparing Orders when the Custodian is not a Parent

	Non IV-D Orders		IV-D Orders	
	CP is Mother or Father	CP is Other Relative	CP is Mother or Father	Non-Parental CP or Foster Care
Number of Orders	1,452	6	2,428	423
Transfer Payment				
Mean	\$ 476	\$ 33	\$ 283	\$ 168
Median	\$ 412	\$ 25	\$ 250	\$ 143
NCP’s Monthly Net Income				
Mean	\$ 2,854	\$ 0	\$ 1,520	\$ 966
Median	\$ 2,399	\$ 0	\$ 1,338	\$ 967
Number of Children on Order				
Mean	1.59	1.33	1.34	1.38
Median	1.00	1.00	1.00	1.00

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

The important differences between orders with non-parental custodians and other IV-D orders are that (a) the order is more likely to be administrative and (b) the NCP is more likely to be the child's mother. There were only 52 court orders in which the CP was not a parent, and the NCP was the father on 44 of them. The other 371 orders (with non-parental custodians) were administrative orders, and the NCP was the mother on 300 of them.

Of the total of 2,851 IV-D orders, fathers were NCPs on 2,298 (80.6 percent) of them. When the NCP was the father, the CP was the mother on 2,183 (95 percent) of the orders.

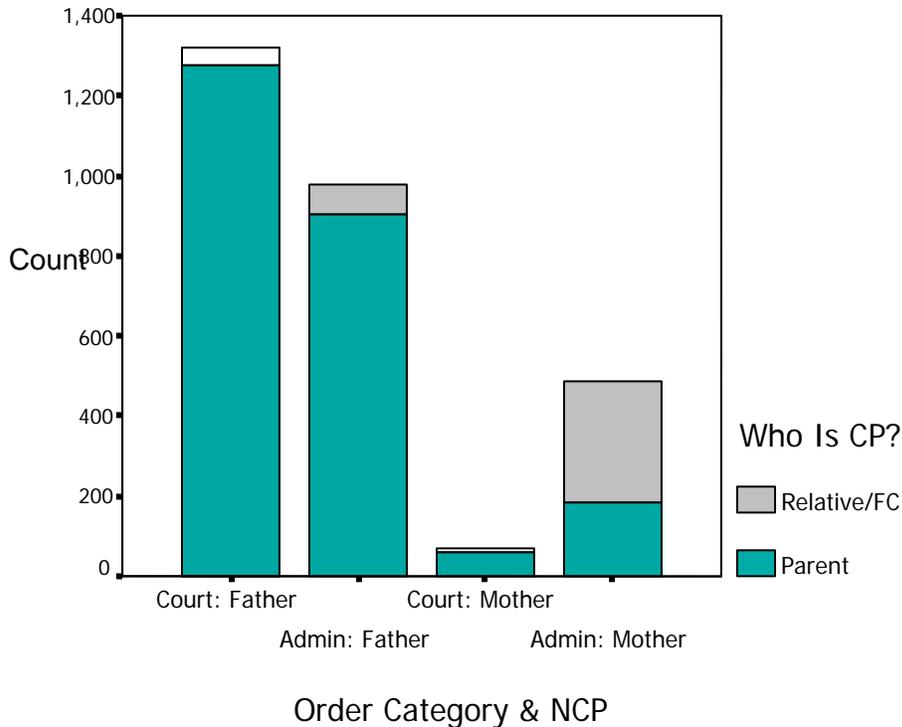
On the smaller share of orders in which the mother was the NCP, the majority of cases had non-parental custodians. The father was the CP in only 245 of the orders (44.3 percent), while the CP was another relative (usually grandmother) in 211 (38.2 percent) of the orders, and the remaining 97 (17.5) were foster care. (*See References for Peters' Volume 2 on the Arrearage Project, Chapter 6, pp. 90-93. On IV-D cases, non-parental custodians are more likely to be associated with NCPs who have multiple cases.*)

If we look at the division between court orders and administrative orders, fathers are NCPs on 1,321, or 95.1 percent of the court orders. In 96.3 percent of the court orders, the CP is almost always a parent, and this parent is usually the mother.

Although fathers are NCPs on a majority of administrative orders as well, the proportion of fathers is not as great. Here 977, or 66.8 percent, of the NCPs were fathers. This means that one-third of the NCPs on administrative orders are mothers. The more significant point, however, is that of the 553 NCP-mothers in the table, 485 of them—87.7 percent—had administrative orders. On administrative orders as a whole, the CP was a parent in 74.6 percent of the orders, with only 38.1 percent with NCP-mothers.

Figure 3.a illustrates the concentration of non-parental custodians among IV-D administrative orders in which mothers were NCPs.

Figure 3.a. Non-Parental Custodians on IV-D Orders



Income Shares and the Impact of Transfer Payments

Stirling found, as earlier studies had, that custodians with children suffer a severe drop in their economic well-being following divorce and other household break-ups. For non IV-D orders, custodial mothers and children experienced a decline of more than 42 percent in median income-to-needs ratio (standard of living). IV-D families started out with a lower standard of living. After splitting into two households, they experienced a 44 percent drop in standard of living.

In this discussion we will confine the analysis to looking at the dollar amounts of net income and transfer payments and at the proportional shares of the parents, before and after transfer. Because we are not trying to arrive at an estimate of well-being, we need not restrict the sample as Stirling did to avoid cases with the complications of new spouses, additional children, or children from multiple relationships. Our purpose here is simply to see how much impact these orders had on income shares, without judging the adequacy of the resulting distribution.

Figure 3.b shows parents' shares of monthly net income before transfer payments. The top pie chart shows the shares of fathers and mothers on non IV-D orders, while the bottom pie chart shows the equivalent information for parents on IV-D orders. The combined income of parents on non IV-D orders was about twice as much as those of parents on IV-D orders. Nevertheless, fathers' shares were above 60 percent on both.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

Figure 3.b. Parents' Shares of Monthly Net Income



The following table looks at income shares in far more detail. Table 3.5 shows the net monthly income of both parents before transfer payment. The top half of the table summarizes incomes for non IV-D orders. The first item shows the mean and median net income for fathers and mothers on these non IV-D orders, as well as their respective shares (in percentage) of the combined income. The next items divide the non IV-D orders according to which parent had the higher income of the pair (fathers higher, then mothers higher, then parents with same income).

The bottom half of the table repeats this sequence for the IV-D orders. Finally, the last item in the table provides the mean and median income for all the parents as well as their shares of combined income.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.5. Parents' Income Shares before Transfer Payment

Orders with Both Parents in the Order (Excludes Foster Care and Non-Parental CPs)	Fathers		Mothers	
	Mean	Median	Mean	Median
Non IV-D Orders				
All (n = 1,436)				
Combined net income: mean \$4,985; median \$4,312				
Monthly net income	\$ 3,085	\$ 2,610	\$ 1,900	\$ 1,651
Share of combined net income	61.4 %	60.6 %	38.6 %	39.4 %
Father's Income Higher (n = 1,125)				
Combined net income: mean \$5,016; median \$4,350				
Monthly net income	\$ 3,387	\$ 2,843	\$ 1,630	\$ 1,516
Share of combined net income	67.1 %	64.6 %	32.9 %	35.4 %
Mother's Income Higher (n = 282)				
Combined net income: mean \$4,798; median \$4,238				
Monthly net income	\$ 1,914	\$ 1,727	\$ 2,884	\$ 2,427
Share of combined net income	40.0 %	43.6 %	60.0 %	56.4 %
Parents' Income Same (n = 29)				
Combined net income: mean \$5,598; median \$3,800				
Monthly net income	\$ 2,799	\$ 1,900	\$ 2,799	\$ 1,900
Share of combined net income	50.0 %	50.0 %	50.0 %	50.0 %
IV-D Orders				
All (N=2,428)				
Combined net income: mean \$2,322; median \$2,154				
Monthly net income	\$ 1,501	\$ 1,352	\$ 822	\$ 940
Share of combined net income	67.2 %	62.3 %	32.8 %	37.7 %
Father's Income Higher (N=1,804)				
Combined net income: mean \$2,431; median \$2,224				
Monthly net income	\$ 1,754	\$ 1,519	\$ 677	\$ 878
Share of combined net income	77.6 %	71.3 %	22.4 %	28.7 %
Mother's Income Higher (N=458)				
Combined net income: mean \$2,356; median \$2,236				
Monthly net income	\$ 856	\$ 971	\$ 1,500	\$ 1,313
Share of combined net income	29.7 %	40.9 %	70.3 %	59.1 %
Parents' Income Same (N=166)				
Combined net income: mean \$1,049; median \$1,876				
Monthly net income	\$ 525	\$ 938	\$ 525	\$ 938
Share of combined net income	50.0 %	50.0 %	50.0 %	50.0 %
All Orders (N=3,864)				
Combined net income: mean \$3,312; median \$2,829				
Monthly net income	\$ 2,090	\$ 1,738	\$ 1,222	\$ 1,041
Share of combined net income	65.0 %	61.4 %	35.0 %	38.6 %

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

As previously reported, the average incomes for parents on non IV-D orders are higher than their IV-D counterparts. Overall, incomes of non IV-D parents are about twice as high as those of IV-D parents, whether we compare their combined net income or fathers' income or mothers' income. Item by item, as we look down through the table, the parents on IV-D orders have lower income (mean and median) than their counterparts.

However, non IV-D and IV-D orders both point toward one common circumstance: the general economic inequality of mothers and fathers. This underlines a finding emphasized by Stirling as well. Mothers generally continue to have less income than fathers, despite the changes in work patterns through the last 30 years. The mean share of fathers was 65 percent of combined income before transfer payment, while mothers held only 35 percent. The medians were only slightly less lopsided at 61.4 percent (fathers) and 38.6 percent (mothers).

Fathers had higher net income than the mothers on 78.3 percent of the non IV-D orders (1,125 out of 1,436). While the median net income for fathers in this segment was \$2,843, the corresponding median net for mothers was only \$1,516.

Although the income amounts were smaller for the IV-D orders, the proportions were somewhat similar. On 74.3 percent of the orders, the father had a higher net income than the mother. The median net incomes for each in this segment of the IV-D orders were \$1,519 (fathers) and \$878 for mothers. But here the income shares were even more lopsided (71.3 percent for fathers, compared to 28.7 percent for mothers).

Despite this general picture, mothers had higher income than the fathers on about one-fifth of the orders (19.6 percent of the non IV-D orders and 18.9 percent of the IV-D). But median incomes here were lower than in the previous segment. Income shares between the parents were also less one-sided. For the non IV-D orders where the mother had higher income than the father, the split was 56.4 percent (mothers) compared to 43.6 percent (fathers). For the IV-D orders, the median split was 59.1 percent (mothers) and 40.9 percent (fathers). There was an even smaller share (2 percent of the non IV-D and 6.8 percent of the IV-D) where the orders showed the parents with the same net income.

Table 3.6 looks at the impact of transfer payments on non IV-D orders. Note that the number of children on these orders is not large (mean 1.59, median 1 child). The top half shows shares for the NCP and CP without regard to gender. Before transfer, the median net income of the NCPs was \$2,445, compared to \$1,838 for the CPs. The median transfer payment was \$429. This amounted to 17.3 percent of the NCP's income, but it would have been equivalent to 21.7 percent of the CP's pre-transfer income.

After transfer, median income for the non IV-D NCPs was \$1,994, while median income for the Non IV-D CPs increased to \$2,308. While the NCPs' median share of combined net income fell from 56.7 percent to 46.9 percent, the CPs' median share grew from 43.3 to 53.1 percent.

The bottom half of the table compares results when the NCP is father with results for the smaller number of orders where the mother is NCP. On orders where the father is NCP (81.7 percent of

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

the orders in this table), fathers have the highest net income in the table, with a mean of \$3,201 and a median of \$2,683. They have about 60 percent of the combined net income, with a median share of 59.9 percent while the CPs (mothers) have 40.1 percent. The child support transfer payment equalizes shares so that each parent ends up with about half (NCP, 49.1 percent, CP 50.9 percent). The CP's household, however, includes the child or children.

For the minority of orders with NCP-mothers (18.3 percent of orders in this table), the dynamic is different because CP-fathers start out with the predominant share of income, and the transfer payment increases this share from 63 to 67.2 percent. This transfer results in more money for the households with the children than in the usual scenario.

Table 3.6. Impact of Transfer Payment on Income Shares in Non IV-D Orders

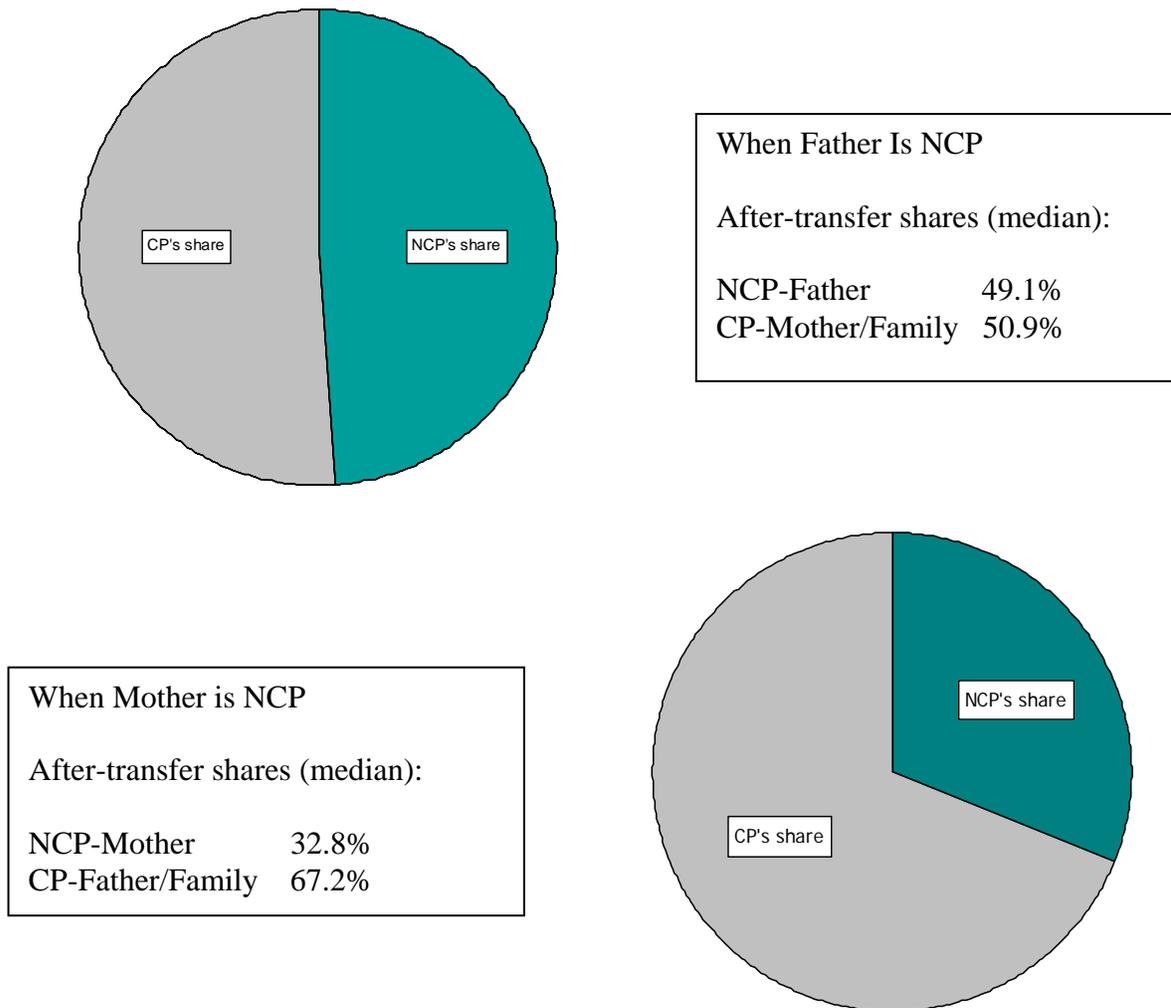
Non IV-D Orders	Noncustodial Parent (NCP)		Custodial Parent (CP)	
	Mean	Median	Mean	Median
Number of orders: 1,408 ^a Children on order: mean, 1.59; median, 1.00				
Monthly net income	\$ 2,930	\$ 2,445	\$ 2,132	\$ 1,838
Share of parents' combined net income	56.9 %	56.7 %	43.1 %	43.3 %
Transfer payment	\$ 488	\$ 429		
Transfer as share of NCP's/CP's net income	17.0 %	17.3 %	30.6 %	21.7 %
Net income after transfer	\$ 2,443	\$ 1,994	\$ 2,622	\$ 2,308
Share of combined net income after transfer	46.8 %	46.9 %	53.2 %	53.1 %
When father is NCP and mother is CP (n = 1,151)				
Monthly net income	\$ 3,201	\$ 2,683	\$ 1,993	\$ 1,748
Share of parents' combined net income	61.0 %	59.9 %	39.0 %	40.1 %
Monthly net income after transfer	\$ 2,644	\$ 2,151	\$ 2,555	\$ 2,255
Share of combined net income after transfer	49.5 %	49.1 %	50.5 %	50.9 %
When mother is NCP and father is CP (n = 257)				
Monthly net income	\$ 1,713	\$ 1,447	\$ 2,752	\$ 2,400
Share of parents' combined net income	38.4 %	37.0 %	61.6 %	63.0 %
Monthly net income after transfer	\$ 1,542	\$ 1,274	\$ 2,923	\$ 2,584
Share of combined net income after transfer	34.4 %	32.8 %	65.6 %	67.2 %

^a Table excludes orders where NCP's net income was \$0. The table also excludes non-parental custody orders.

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

The pie charts in Figure 3.c illustrate the impact of orders on parents' shares of income in a format that invites comparison with the top chart in Figure 3.b. Although this figure is useful for comparing percentages, it does not illustrate dollar amounts or the size of transfer payment relative to incomes very well. Figure 3.d is a bar chart that shows the CP's income before transfer payment, the NCP's income after transfer, and the transfer payment that changes hands and alters the shares. The total height of the bar represents the median parents' combined net income.

Figure 3.c. Parents' Shares of Income after Transfer on Non IV-D Orders



A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

Figure 3.d. Parents' Incomes and Transfer Payments on Non IV-D Orders

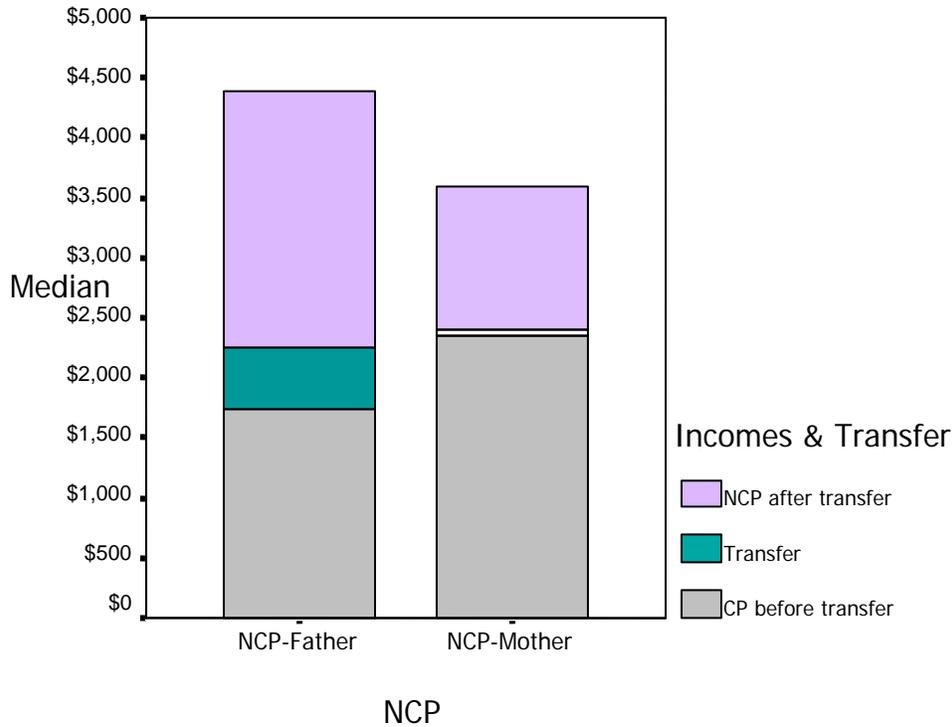


Table 3.7 carries out an analysis of income shares and transfers for the IV-D orders similar to the one provided by Table 3.6 for non IV-D. Here incomes are smaller, shares are even more lopsided, and the CP's household ends up with a smaller proportional share post-transfer than their non IV-D counterparts. However, the percentage change in income share pre- and post-transfer is greater for the IV-D orders: from 34.6 to 46.7 percent for all IV-D orders; from 34.2 to 46.4 percent for orders in which NCPs are fathers; and from 42.9 to 50.7 percent in which NCPs are mothers.

The IV-D orders with NCP-mothers are different from their non IV-D counterparts in that mothers have somewhat higher income than CP-fathers. They start off with 57.1 percent of the combined net income. The transfer payment lowers their share to 49.3 percent, so that CP-fathers end up with 50.7 percent of income—as well as the children in the household. After transfer, these NCP-mothers have a median income of \$915, while the rest of the family shares \$1,032—certainly a difficult situation for all concerned.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.7. Impact of Transfer Payment on Income Shares in IV-D Orders

IV-D Orders	Noncustodial Parent (NCP)		Custodial Parent (CP)	
	Mean	Median	Mean	Median
Number of orders: 2,299 ^a Children on order: mean, 1.34; median, 1.00				
Monthly net income	\$ 1,607	\$ 1,367	\$ 820	\$ 940
Share of parents' combined net income	72.1 %	65.4 %	27.9 %	34.6 %
Transfer payment	\$ 298	\$ 261		
Transfer as share of NCP's/CP's net income	18.4 %	17.9 %	28.5 %	22.6 %
Net income after transfer	\$ 1,310	\$ 1,084	\$ 1,117	\$ 1,145
Share of combined net income after transfer	58.8 %	53.3 %	41.2 %	46.7 %
When father is NCP and mother is CP (n=2,080)				
Monthly net income	\$ 1,641	\$ 1,404	\$ 797	\$ 940
Share of parents' combined net income	72.4 %	65.8 %	27.6 %	34.2 %
Monthly net income after transfer	\$ 1,332	\$ 1,108	\$ 1,107	\$ 1,147
Share of combined net income after transfer	58.8 %	53.6 %	41.2	46.4 %
When mother is NCP and father is CP (n=219)				
Monthly net income	\$ 1,284	\$ 1,063	\$ 1,031	\$ 940
Share of parents' combined net income	68.5 %	57.1 %	31.5 %	42.9 %
Monthly net income after transfer	\$ 1,098	\$ 915	\$ 1,217	\$ 1,032
Share of combined net income after transfer	59.1 %	49.3 %	40.9 %	50.7 %

^a Table excludes orders where the NCP's net income was \$0. It also excludes orders for children in foster care and orders where the custodian on the case is not a parent.

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

Figure 3.e. Parents' Shares After Transfer on IV-D Orders

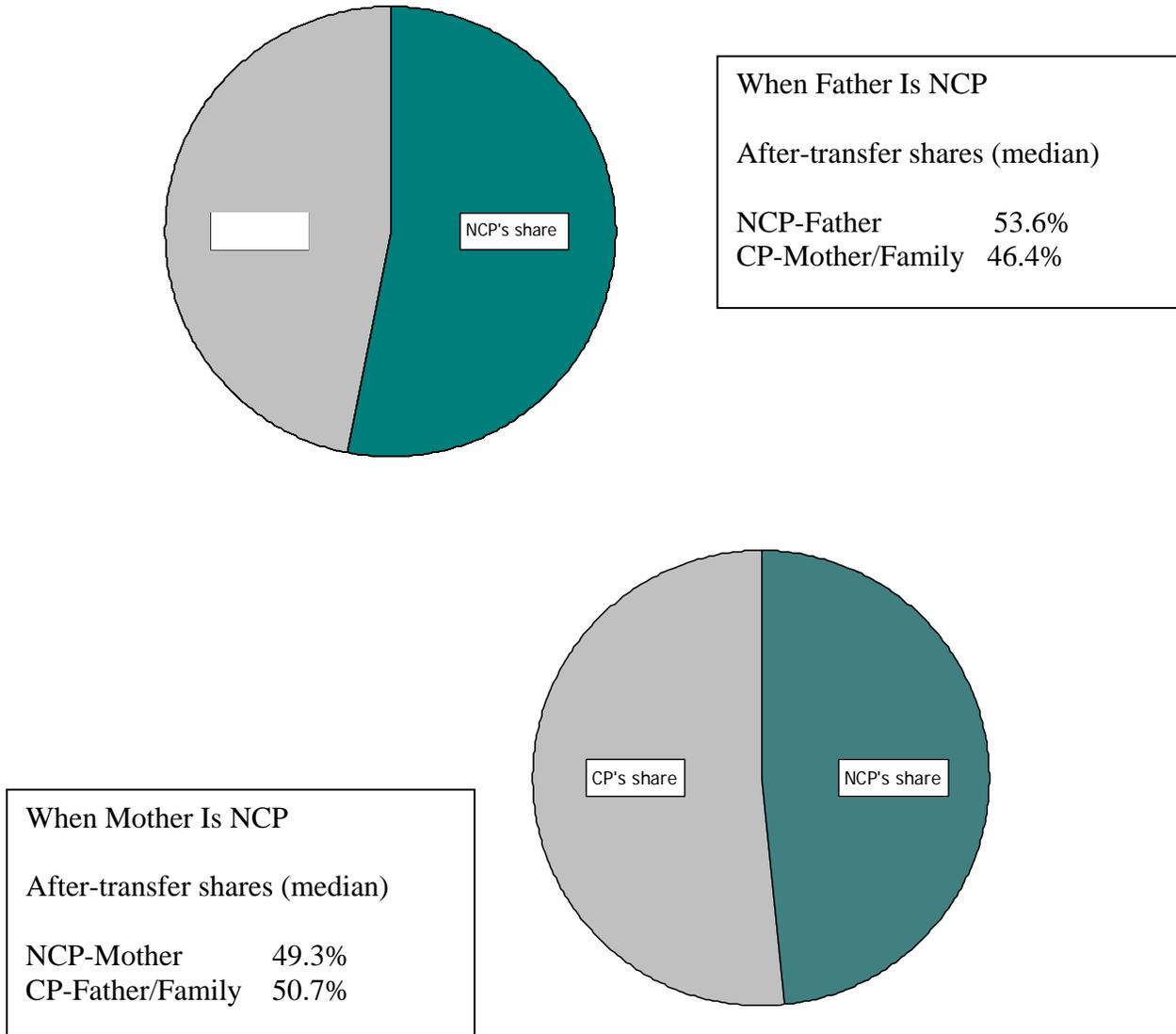
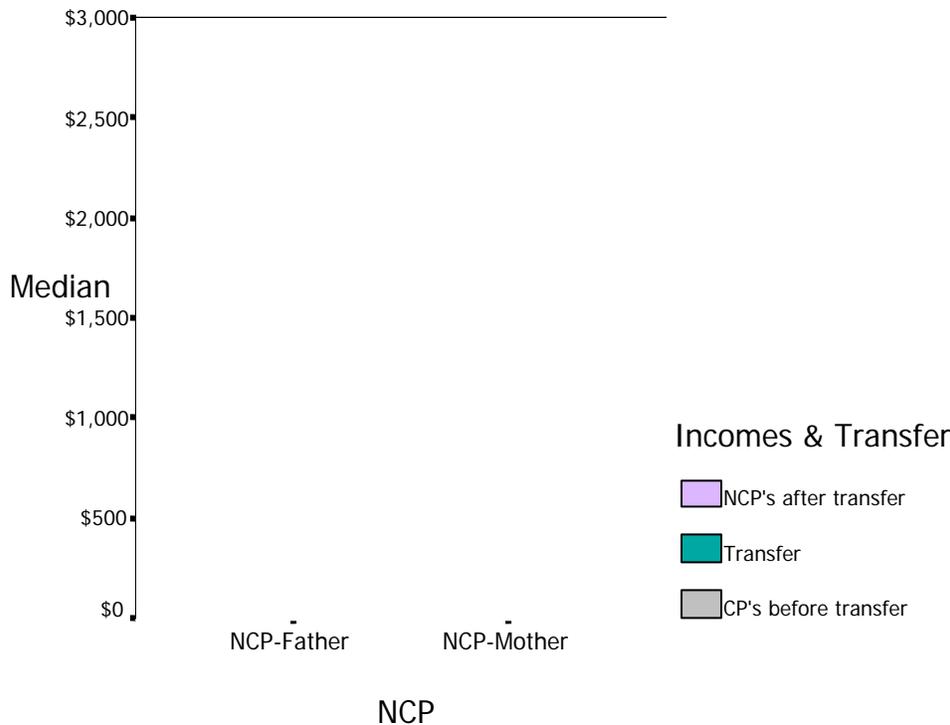


Figure 3.e shows the impact of the IV-D orders on parents' shares of combined monthly net income.

Comparing the pie charts in Figure 3.e with those of Figure 3.d highlights the different dynamics operating between the IV-D and non IV-D orders. This is especially evident when we compare the two pie charts where the mother is NCP. Again, however, pie charts do not display the substantial differences in dollar amounts between IV-D and non IV-D orders. Figure 3.f shows dollar amounts of income and transfers for the IV-D orders. Again, it is helpful to compare this chart with the equivalent bar chart for the non IV-D orders (Figure 3.d).

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

Figure 3.f. Parents' Incomes and Transfer Payments on IV-D Orders



This examination indicates that Washington order setting has a substantial impact upon income shares. On average, transfer payments on non IV-D orders require about 17 percent of the NCP's net income (17.0 percent mean, 17.3 percent median), and this transfer has a larger impact on the CP's income (30.6 percent mean, 21.7 percent median). The CP's share of combined net income increases from about 43 percent to about 53 percent. On IV-D orders, the transfer payment requires about 18 percent of NCP net income (mean 18.4 percent, median 17.9 percent), while adding about a quarter (mean 28.5 percent; median 22.6 percent) to the CP's income. The CP's share of combined net income increases from a median of 34.6 to a median of 46.7 percent. Keeping in mind that these orders do not involve large numbers of children (the median is one child per order), the order setting process does seem to achieve considerable redistribution of income.

Yet when the orders are examined by an economist measuring economic well-being, the results are not encouraging. There are two obvious problems. First, many IV-D orders have very limited combined net income with a median of about \$2,300. Simply redistributing the existing income cannot repair the results of splitting low income between two households.

Second, for both IV-D and non IV-D orders, the larger problem is the economic inequality of fathers and mothers. Usually the CP is the mother, and usually the CP has lower income. When the party with substantially lower income also has the children, the result will be a drop in economic well being unless the transfer payment covers the gap.

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

In terms of percentages of income, how large a transfer is reasonable? Stirling concluded that almost all orders conform to the Schedule. Findings from a DCS research project on child support arrearages indicate that setting orders above 20 percent of reported gross wages results in arrearage growth. (*See References for Formoso and Peters on the Arrearage Study Vol. 1 and Vol. 2*). Yet this study also found that for NCPs with gross wages above \$1,400, orders were set below the amount they could have paid, while for those with income below \$1,400, orders were generally set too high. But certainly in the present study, many of the NCPs on non IV-D orders could have afforded larger transfer payments.

Deviations

Stirling found that deviations are common; 29 percent of the orders differed from the presumptive amounts. Most of these (about 85 percent) were downward deviations with a median decrease of \$113 from the presumptive amount. Larger percentages of non IV-D orders than IV-D orders had deviations. Stirling discussed the issue of deviations in some detail for NCP-fathers and NCP-mothers separately, providing tables that show the frequency, direction (upward or downward), and dollar amount of deviations by geographical region, type of order, and number of children on the order.

She also provided tables summarizing deviation reasons for NCP-fathers and NCP-mothers separately by category (the non IV-D categories of Direct Pay and PSO as well as the IV-D Court Orders and IV-D Administrative Orders). However, the lists of separate reasons are not arranged by frequency and do not show relationships between reasons listed. In the following discussion, we will group the reasons by common theme and show which account for the most deviations.

The Schedule does mandate lowering current support if the NCP's net income is below a certain level. Strictly speaking, this does not constitute a deviation according to WSCSS's definitions and instructions for lines 15a-15e. The unclear instructions cause much confusion about terminology and occasionally affect order amounts on non IV-D orders when the NCP has low income. Presumably DCS attorneys do understand that lowering orders in these circumstances really is not a deviation. However, the coding system on SEMS (Support Enforcement Management System, the computerized case management system) classifies these as "deviations" for some reason. Regardless of what it is called, lowering support to a presumptive minimum or to keep the NCP above the Need Standard is a mandate, not an option. That said, however, Washington state's Need Standard is considerably higher than that of other states, and it could be adjusted downward.

Here we are concerned with why so many Washington orders are deviating downward when the deviation is not required.

Deviations on IV-D Orders

Table 3.8 briefly summarizes deviations on IV-D orders for circumstances in which the NCP was not at or below the Need Standard. Few IV-D orders (7) deviated upward, while 313 deviated

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

downward. In this table we have combined deviation reasons into common themes. Children from multiple relationships provided the major combined reason for both upward and downward deviations. Usually this was a circumstance where the NCP owes support for children from another relationship as well as the children on the current order. Sometimes the NCP was currently living in a household with his or her new children while the order was a modification of support for older children. Sometimes the NCP's current household included stepchildren as well. Whatever the specifics, the common theme is that the order deviates to acknowledge the burden of additional children beyond the children named in the order.

Table 3.8. Deviations on IV-D Orders when the NCP Was Not Poor

Orders with Deviations, Excluding NCPs with Income Below Need Standard ^a	NCP-Fathers			NCP-Mothers		
	Number	Mean	Median	Number	Mean	Median
Downward Deviations	291			22		
Deviation amount		\$ 128	\$ 106		\$ 139	\$ 120
Transfer payment		\$ 263	\$ 238		\$ 197	\$ 171
NCP's monthly net income		\$1,811	\$1,640		\$1,265	\$1,120
Deviation Reasons (Combined)						
Children from Multiple Relationships ^b	276			16		
Income Limit ^c	9			3		
Residential Credit	6			3		
Upward Deviations	7			0		
Deviation amount		\$ 120	\$ 100			
Transfer payment		\$ 260	\$ 222			
NCP's monthly net income		\$1,968	\$1,605			
Deviation Reasons (Combined)						
Children from Multiple Relationships	7					

^a Table excludes NCPs below Need Standard for one person (\$800 monthly net income) as well as NCPs with transfer payments lowered to avoid putting the NCP below the Need Standard.

^b Includes deviations for child support paid for other relationships, as well as orders using Blended Family Approach, Whole Family Approach, or acknowledging other children in the NCP's household.

^c Orders that were lowered to keep the transfer payment below 45 percent of the NCP's net income.

On IV-D orders there were only two other reasons for downward deviations. For 12 orders (nine NCP-fathers and three NCP-mothers), the transfer payment was lowered to meet an income limit—to keep the order below 45 percent of net income. Again, this is part of line 15c and therefore, strictly speaking, not a deviation. But this limit is not poverty driven; it simply limits the percentage of income that can be taken in one order. This reason was encountered only in

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

the IV-D orders, which may imply that the 45-percent limit is not likely to be hit for NCPs with higher incomes. However, it is important to note that the limit is infrequently reached because it is applied to the single order at hand. Income limits do not apply to the sum of multiple orders. Finally, on nine orders, residential credit resulted in downward deviations. Here the NCP was allowed credit for spending more time with the children than the usual arrangements imply.

Deviations on Non IV-D Orders

By comparison, there were far more diverse reasons for deviations on the non IV-D orders. In Table 3.9, as in the previous table, we have combined the reasons into common themes and arranged them in order of decreasing frequency. For the most part, the themes are in the same order for NCP-fathers and NCP-mothers except for one item.

There is a substantial difference in the order of these reasons from the earlier table on IV-D orders. Children from multiple relationships is a distant third while it was the major reason on the IV-D orders. The most frequent reason for downward deviation here is residential credit, which accounts for over 40 percent of the downward deviations (43.6 percent for NCP-fathers; 42.7 percent for NCP-mothers).

Second is mutual agreement, which accounts for over 17 percent. The frequency of this reason is particularly interesting in light of the Schedule's specific instruction that "Agreement of the parties is not by itself adequate reason for any deviations from the standard calculations." (*See References for Washington State Child Support Schedule, page 4.*)

"Additional child support outside transfer" includes reasons for support received from the NCP's dependent disability benefits (paid directly to the family); direct payment to a school, daycare, etc., by the NCP; or the NCP's contribution to postsecondary education. Particularly in divorces after lengthy marriages, parents were often concerned about the transition to post-secondary education or about continued help for a child older than 18.

Split custody includes both orders with Arvey split custody computations and less formal arrangements where at least one child remained with the NCP. All children are named in the order, but the "transfer payment" is the excess that the parent who owes more transfers to the other. The parent transferring support is the NCP on the order even though both parents are CPs.

Some downward deviations acknowledged that the CP was accepting a lower transfer payment in light of spousal maintenance received, or property transfers to the CP, or the NCP's assumption of community debts. These arrangements, like mutual agreements, are sometimes troubling. The Schedule does allow deviations for "extraordinary debt not voluntarily incurred," but in general the reasons listed under 1.e. for debt and high expenses look like reasons for upward deviations. Agreements between parents to accept less child support have been vigorously contested in some states on the grounds that the CP cannot bargain away the child's rights.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.9. Downward Deviations on Non IV-D Orders when the NCP Was Not Poor

Deviation Reasons (Combined) ^a	NCP-Father			NCP-Mother		
	Frequency	Percentage	Cumulative Percentage	Frequency	Percentage	Cumulative Percentage
Residential Credit	157	43.6	43.6	50	42.7	42.7
Mutual Agreement	62	17.2	60.8	20	17.1	59.8
Children from Multiple Relationships ^b	30	8.3	69.1	7	6.0	65.8
Additional Child Support Outside Transfer ^c	25	6.9	76.0	6	5.1	70.9
Split Custody ^d	18	5.0	81.0	7	6.0	76.9
High Income ^e	16	4.4	85.4	3	2.6	79.5
Set-Offs for Maintenance or Property Transfer ^f	11	3.1	88.5	2	1.7	81.2
Miscellaneous	41	11.5	100	22	18.8	100
Total	360		100	117		100

^aTable excludes NCPs below Need Standard for one person (\$800 monthly net income) as well as NCPs with transfer payments lowered to avoid putting the NCP below the Need Standard.

^bIncludes deviations for child support paid for other relationships, as well as orders using Blended Family Approach, Whole Family Approach, or acknowledging other children in the NCP's household.

^cIncludes orders where downward deviations in transfer payment were accepted in light of (a) support paid for the child from other sources such as dependent disability benefits; or (b) extra contributions of the NCP for the child paid directly to a provider (transportation, extra activities, daycare, etc.); or (c) the NCP's contribution to postsecondary education for the child in the order or an older child of the same parents.

^dIncludes Arvey split custody computations and other situations where at least one child was living in the NCP's household while the other(s) remained with the CP.

^eIncludes deviations for income above \$5,000, or above \$7,000, or financial planning considerations.

^fIncludes deviations (usually under code Other) where the order acknowledged that the CP was accepting a lower transfer payment in light of spousal maintenance received, or property transfers to the CP, or the NCP's assumption of community debts.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

To summarize, most downward deviations on non IV-D orders were grouped into common reasons. The most frequent reason was residential credit. Both residential credit and split custody are downward deviations acknowledging that the NCP spends more time with the children on the order than are expected under the customary arrangements of the Schedule. Additional child support outside the transfer payment acknowledges that child support is covered from another source, or that the NCP contributes other support for the children on the order, especially as they grow older. Together these three reasons account for 55 percent of downward deviations (55.5 percent for NCP-fathers; 53.8 percent for NCP-mothers).

On the other hand, the reason “children from multiple relationships” acknowledges that the NCP has obligations for other children besides those on the order and allows the NCP to divide income among a greater number of children than those on the order. These add another 8.3 percent of downward deviations for NCP-fathers and 6 percent for NCP-mothers.

Two reasons, “mutual agreement” and “set-offs for maintenance or property transfer”, appear more controversial and account for another 20 percent (20.3 percent for NCP-fathers, 18.8 percent for NCP-mothers).

Spousal Maintenance and Property Transfers

As mentioned above, we checked to see whether downward deviations on non IV-D orders were associated with awards of spousal maintenance and substantial property transfers. We identified 13 orders in which property was transferred or maintenance was granted explicitly in exchange for lower monthly child support. Some examples noted by the coder:

- NCP-father gave CP-mother most of the community property;
- Child support obligation was satisfied by property transfer;
- Some business income was exchanged in addition to cash child support;
- CP-mother received more property;
- No cash child support while NCP-father pays \$4,000/monthly spousal maintenance for next year.

However, as Table 3.10 shows, maintenance and property transfers are not usually associated with downward deviations. In fact, when we look at the top part of the table where the NCP is the father, maintenance is most often associated with upward deviations (44 out of 133, or 33.1 percent). Such deviations were usually explained as “possession of wealth” or “disparity in living conditions.” For non IV-D orders with no deviations, 15.6 percent awarded spousal maintenance, while only 11.9 percent of orders with downward deviations (45 out of 379) included maintenance.

Orders with upward deviations also show the highest percentage of property transfers (18.8 percent), while the other two categories are about the same at 11.8 percent (no deviation) and 11.1 percent (downward deviation).

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.10. Deviations, Maintenance and Property Transfers in Non IV-D Orders

	Did Child Support Order Deviate?		
	No	Downward	Upward
NCP-Father	660	379	133
Spousal maintenance	103	45	44
Maintenance from NCP to CP	103	42	44
Maintenance from CP to NCP	0	3	0
Maintenance included in recipient's income	40	21	21
Property transfer ^a	78	42	25
From NCP to CP	76	41	25
From CP to NCP	2	1	0
NCP-Mother	113	165	8
Spousal maintenance	3	11	0
Maintenance from NCP to CP	0	2	
Maintenance from CP to NCP	3	9	
Maintenance included in recipient's income	1	8	
Property transfer	3	11	1
From NCP to CP	0	2	1
From CP to NCP	3	9	0

^a We coded only substantial property transfers other than the family residence and vehicles. For example, some CPs and also some NCPs acquired 50 percent shares in pensions; others acquired rental income property.

The bottom half of the table shows orders in which the mother was the NCP. Spousal maintenance was rarely awarded, but when awarded (11 out of 165 orders, or 6.7 percent) it is mostly associated with downward deviations. However, this is not evidence for a trade-off of child support for maintenance. Most often, the CP-father is paying the NCP-mother maintenance in addition to receiving lower child support. The story is similar for property transfers.

Table 3.10 indicates that downward deviations are not generally compensated by maintenance or property transfers. The table also shows again the economic inequality of fathers and mothers. When spousal maintenance is awarded, it is an income transfer from the higher-income party to the lower-income party. Generally, it was a transfer to the mother, regardless of whether the mother was an NCP or a CP.

It should be noted that in about half of the orders in which maintenance was awarded, the maintenance amount was included in computing the recipient's net income for the Schedule

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

worksheet and subtracted from the giver's net income. This means that the initial income disparity before transfers was even larger. Since this income transfer helps provide the basis for computing shares of child support, it also somewhat increases the share of child support owed by the recipient of maintenance while decreasing the other party's share of child support owed.

Impact of Downward Deviations on Non IV-D Orders

How substantial are downward deviations on these orders? How do they affect the transfer payments that would have been made under the standard calculation? Given the unequal income shares of the parents to begin with, are downward deviations of sufficient magnitude to undo a significant amount of the rectification that transfer payments are supposed to provide? Or do CPs generally agree to downward deviations only when they have higher or equal income shares to begin with? Table 3.11 looks at these issues. The table provides separate columns for NCP-fathers and NCP-mothers.

Table 3.11. Impact of Downward Deviations on Non IV-D Orders when the NCP Was Not Poor

NCPs with Downward Deviations, Excluding NCPs with Net Income Below Need Standard ^a	NCP-Father (n = 360)		NCP-Mother (n = 117)	
	Mean	Median	Mean	Median
Transfer payment	\$ 356	\$ 300	\$ 85	\$ 0
Amount of downward deviation	\$ 285	\$ 221	\$ 321	\$ 275
NCP's net monthly income	\$ 3,097	\$ 2,707	\$ 1,871	\$ 1,547
CP's net monthly income	\$ 2,074	\$ 1,843	\$ 2,873	\$ 2,430
NCP's share of combined income	60.0 %	58.5 %	40.9 %	38.3 %
CP's share of combined income	40.1 %	41.5 %	59.1 %	61.7 %
NCP's share after transfer payment	52.7 %	51.9 %	39.0 %	36.8 %
CP's share after transfer	47.3 %	48.1 %	61.0 %	63.2 %
Without deviations, what would transfer payment have been?	\$ 640	\$ 557	\$ 406	\$ 362
Without deviations, what would NCP's post- transfer share have been?	46.9 %	46.1 %	31.8 %	29.4 %
CP's post-transfer share without deviations	53.1 %	53.9 %	68.2 %	70.6 %

^aTable excludes NCPs with monthly net income below \$800 per month as well as orders with transfer payment lowered to keep the NCP's income above the need standard.

The difference between means was statistically significant in comparisons of transfer payment with the hypothetical transfer without deviation, NCP's share of combined net income post-transfer with the hypothetical share without deviation, and CP's share of combined net income post-transfer with the hypothetical share without deviation (paired-samples t-tests, $p < .0005$ for

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

each comparison. The comparisons were made for NCP-fathers and NCP-mothers separately and were significant for both.)

As we saw earlier in this report, NCP-mothers tended to have lower income than the CP-fathers on the order. Hence, if we look at the NCP-mother (right) columns first, we may conclude that the downward deviations probably had a beneficial impact. NCP-mothers began with only 38.3 percent of combined income and declined to 36.8 percent after transfer payment, but they would have declined to 29.4 percent of combined income without the downward deviation. CP-fathers began with 61.7 percent of combined income and moved up to 63.2 percent post-transfer. They would have had 70.6 percent without the downward deviation. Given the small income of the NCP-mothers (\$1,547), the deviations probably helped to mitigate significant hardships.

On the other hand, for the majority of orders where the NCP was the father and began with the larger share of combined income, these deviations do not look so beneficial. Here NCP-fathers began with 58.5 percent and ended up with 51.9 percent—still more than half of combined income. But without the deviations, NCP-fathers would have had 46.1 percent of combined income, while the CP and children would have had 53.9 percent of combined income. The deviation cost them \$221 (median), which was 5.8 percent of combined income. The deviations made statistically significant differences in outcomes, both for NCPs and CPs, and these differences existed for both orders with NCP-fathers and those with NCP-mothers.

Table 3.12 looks more closely at the orders with downward deviations and NCP-fathers. Here the orders are grouped by the major combined deviation reasons. The table shows the median deviation amount and median transfer payment. It shows the net income of both NCP and CP. The last columns show the CP's share of combined net income before and after transfer.

The highest deviation amount was for split custody orders, which also showed the highest income for NCPs. CPs began with 31.7 percent of income and ended up with 37.3 percent. Although the disparity is notable, these are orders where in fact both parties are CPs with custody of one or more children. Of possible concern are the orders with set-offs for spousal maintenance or property transfer. These CPs had the lowest median income of the orders listed. Although the median transfer payment is the highest in the table, the CPs moved from 26.7 percent to 35.1 percent of combined income.

Summing Up

The outcome of our examination of downward deviations on non IV-D orders is not altogether encouraging. Both Stirling's analysis and the discussion of economic distribution and income shares above indicate that CPs—usually mothers—and children continue to take the brunt of divorce and separation. The extent of low income and family poverty among the IV-D population makes it difficult to improve the situation of these families simply by altering orders.

Downward deviations on IV-D orders were mainly for children from multiple relationships, and we doubt that deviations granted match the actual proportion of NCPs with multiple relationships.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.12. Net Income and Downward Deviations on Non IV-D Orders when the NCP Was Not Poor

Downward Deviation Reasons (Combined)	# of Orders	Median Downward Deviation	Median Monthly Transfer Payment	Median Monthly Net Income		CP's Share of Combined Net Income (Median)	
				NCP	CP	Before Transfer	After Transfer
Residential Credit	157	\$ 275	\$ 200	\$ 2,696	\$ 1,931	42.2 %	47.5 %
Mutual Agreement	62	\$ 140	\$ 362	\$ 2,453	\$ 1,799	43.6 %	49.8 %
Children from Multiple Relationships	30	\$ 122	\$ 348	\$ 2,412	\$ 1,879	43.5 %	53.5 %
Additional Child Support Outside Transfer	25	\$ 146	\$ 400	\$ 2,601	\$ 1,875	42.0 %	47.9 %
Split Custody	18	\$ 623	\$ 301	\$ 4,032	\$ 1,540	31.7 %	37.3 %
High Income	16	\$ 273	\$ 425	\$ 3,324	\$ 2,129	38.8 %	47.8 %
Set Off for Maintenance or Property Transfer	11	\$ 143	\$ 500	\$ 3,109	\$ 1,127	26.7 %	35.1 %
Total	319	\$ 241	\$ 300	\$ 2,703	\$ 1,846	41.5 %	47.8 %

^a Table excludes NCP-fathers with income below Need Standard for one person (\$800 monthly net income) and NCPs with transfer payments lowered to avoid putting the NCP below the Need Standard. The table also omits 41 orders with deviations dispersed among a variety of other reasons or with deviation reason unstated.

But the analysis of non IV-D orders, especially Direct Pay, has indicated that these parents have much higher income—although unequally distributed between mothers and fathers—than those of the IV-D population. Poor or low-income NCP-fathers were rather unusual on the non IV-D orders. On average, orders were well below the limits, so that increased transfer payments should have been possible and helpful.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

We have already discussed the higher incomes of NCPs on non IV-D orders in comparison with NCPs on IV-D orders, as well as the higher incomes of non IV-D CPs in comparison to their IV-D counterparts. But it is difficult to capture the generally greater prosperity of the non IV-D parties. For example, we coded unusually large property transfers where we found evidence. Dollar amounts were not usually provided in orders. We did not code whether the parties had a family residence they sold or that one transferred to the other in a divorce because these were relatively routine. But ownership of a home is not routine for IV-D families.

It is not possible to assess the extent to which downward deviations reflected greater cooperation, concern for children, undocumented resources of the CP, or, on the contrary, the economically weaker party's perceptions of options and personal power.

Imputing Income

In recent years, researchers and IV-D agencies have paid increasing attention to the use of imputed income on IV-D orders. A number of studies have pointed to the relationship between child support arrearages and orders that are too high for the NCP's actual income. The widespread use of imputation appears to be the source of many high orders.

As yet, there has been little attention to the use of imputed income on non IV-D orders. Moreover, there has been no attention to how income was determined for the CP, only the NCP. Yet, particularly for states using the income-shares model, both CP and NCP incomes are required to apply the guidelines.

Up to now in this report we have taken income data at face value. We have simply assumed, in computing income shares, median income, etc., that the income figures were accurate. Now in this section we will look at the underpinnings as closely as possible.

Information about income basis—whether actual or imputed—was obtained via different methods for IV-D and for non IV-D orders. The research analyst reviewed the imaged non IV-D orders and coded information about income basis. She attempted to determine not only whether income was actual or imputed but also income type and imputing method where possible. To accomplish this, she examined both the worksheet and the order itself.

This assessment resulted in a very rich body of information for this part of the sample, which we used to analyze information about income bases. To our knowledge such detailed analysis was not previously available for any child support orders, certainly not for non IV-D orders.

For the IV-D orders we relied on data generated by prosecutors and DCS staff as they created worksheets through a computer program called SSGen. The data had been preserved temporarily in an SQL database, and we then brought it into another program. The SSGen program, in addition to providing spaces for entering income and other line-by-line worksheet information, contained the question: "Was income imputed?" The author was to answer the question for the father and mother separately.

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

We determined that unless the author selected “true” (or “yes), the default was “false” or “no”. In other words, if the author left the answer blank, the program recorded that income was not imputed. We suspected that this arrangement would contribute to underreporting of imputation.

Underreporting was already possible because the difference between actual and imputed income on IV-D cases is sometimes more of a continuum than a dichotomy. If income is imputed by using the chart for national median net income by gender and age group, or by using the current minimum wage for full-time employment, everyone agrees that the income was imputed. On the other hand, when the income used comes from an employer’s end-of-year wage stub or statement of earnings, clearly it was actual. In between there are several possibilities. For example, DCS may have used Employment Security reported quarterly earnings and calculated a full-time income on the basis of a few reported hours.

Stirling responded to these concerns by constructing an imputation estimator for the NCP’s income, which she used in her analysis of orders. The result may be a contribution to the solving of a research problem that other researchers may be interested in joining and refining.

For our discussion here, however, we wished to look specifically at the information as recorded on SSGen (for IV-D orders) and the information directly coded for non IV-D orders. This allowed us to compare income bases used for both the NCP and CP. It also allowed us to look at differences between court and administrative orders. Although undoubtedly the results underreport imputing of income, the patterns we observed may help us identify specific areas in which income reported on orders is more likely to be imputed than actual.

Income Bases Used to Set Non IV-D Orders

Table 3.13 summarizes the income bases used in setting non IV-D orders. The three income bases delineated here are actual income, imputed income and not specified/can’t tell. The orders are grouped by these three income bases, showing monthly net income, transfer payment and transfer as share of net for each group, with combined statistics at the bottom of the table.

Most orders—82 percent—were clearly based on actual income. The median income was \$2,602, and median transfer was \$456. These orders were significantly higher on income and transfer payment than those of the other two income bases. In addition to differences of income basis, the table reveals significant differences between NCP-fathers and NCP-mothers on income, transfer payment, and transfer as share of net.

A chi-square test of the relationship between NCP’s gender and income basis found that the proportion of NCP-mothers with actual income was much lower than expected, and the proportion of NCP-mothers with imputed or income basis unknown was much higher than expected ($p < .001$). In a comparison of means (ANOVA), the difference in means for fathers and mothers was statistically highly significant ($p < .001$) on monthly net income, transfer payment and transfer payment as share of net income. Income basis also makes a significant difference ($p < .001$) on net income and transfer payment, but not on transfer payment as share of net

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.13. Income Basis Used to Set Non IV-D Orders

Income Basis for Setting NCP's Order Amount		NCP - Father	NCP - Mother	All
Actual income	Number	1,023	173	1,196
	Percentage	87.3 %	60.5 %	82.0 %
Monthly net income	Mean	\$ 3,255	\$ 1,747	\$ 3,037
	Median	\$ 2,781	\$ 1,502	\$ 2,602
Transfer payment	Mean	\$ 569	\$ 158	\$ 510
	Median	\$ 500	\$ 50	\$ 456
Transfer as share of net		n = 1,012	n = 152	n = 1,164
	Mean	18.6 %	9.0 %	17.4 %
	Median	18.2 %	5.2 %	17.5 %
Imputed income	Number	74	68	142
	Percentage	6.3 %	23.8 %	9.7 %
Monthly net income	Mean	\$ 2,434	\$ 1,376	\$ 1,927
	Median	\$ 2,134	\$ 1,372	\$ 1,666
Transfer payment	Mean	\$ 410	\$ 188	\$ 304
	Median	\$ 337	\$ 168	\$ 250
Transfer as share of net		n = 74	n = 67	n = 141
	Mean	18.4 %	13.2 %	15.9 %
	Median	18.2 %	13.3 %	16.0 %
Not specified/can't tell	Number	75	45	120
	Percentage	6.4 %	15.7 %	8.2 %
Monthly net income	Mean	\$ 2,522	\$ 1,013	\$ 1,945
	Median	\$ 2,000	\$ 874	\$ 1,424
Transfer payment	Mean	\$ 454	\$ 107	\$ 322
	Median	\$ 361	\$ 25	\$ 211
Transfer as share of net		n = 67	n = 38	n = 105
	Mean	18.2 %	10.0 %	15.3 %
	Median	19.1 %	5.0 %	15.6 %
All	Number	1,172	286	1,458
	Percentage	100 %	100 %	100 %
Monthly net income	Mean	\$ 3,158	\$ 1,545	\$ 2,842
	Median	\$ 2,654	\$ 1,372	\$ 2,395
Children on order	Mean	1.59	1.62	1.59
	Median	1.00	1.00	1.00
Transfer payment	Mean	\$ 552	\$ 157	\$ 474
	Median	\$ 500	\$ 50	\$ 412
Transfer as share of net		n = 1,153	n = 257	N = 1,410
	Mean	18.6 %	10.2 %	17.1 %
	Median	18.3 %	6.2 %	17.3 %

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

income. Post hoc testing showed means were significantly higher when actual income was used than when imputing or unspecified methods were used.

For example, for NCP-mothers with actual income, median income is only \$1,502, and the median transfer payment only \$50, the latter an indication that the presumptive minimum of \$25 per month per child was used for many orders. Moreover, orders for NCP-mothers were less often based on actual income. Only 60.5 percent of their orders reflected actual income compared to 87.3 percent of orders for NCP-fathers. A chi-square test of the relationship between NCP's gender and income basis found that the proportion of NCP-mothers with actual income was much lower than expected, and the proportion of NCP-mothers with imputed or income basis unknown much higher than expected.

Only 9.7 percent of non IV-D orders were clearly based on imputed income for the NCP, but almost one-fourth of NCP-mothers (23.8 percent) had orders based on imputed income. A much smaller proportion—only 6.3 percent--of fathers have orders based on imputed income. However, when income was imputed, fathers and mothers had the closest amounts in median income and transfer as well as the closest percentages in transfer as share of net. Moreover, the orders for mothers showed less variation here with mean and median much closer than in the other two income bases.

For expanded significance testing of differences in means, we grouped NCPs by gender and income basis into six groups. Fathers with actual income had significantly higher mean income than all other groups except for fathers with imputed income. On transfer payment, fathers with actual income were significantly higher than all except for fathers with unknown income basis. On transfer as share of net, fathers with actual income were significantly higher than any of the three female groups.

Table 3.14 takes a closer look at the NCPs whose orders were based on their actual income. The table shows net income, transfer payment and transfer as share of net for these NCPs. The table groups NCPs by income type, distinguishing between (a) salaries and wages, (b) self-employment and (c) other (work-related benefits and unearned income).

The majority of NCPs with orders based on actual income (87.5 percent) had income from salaries or wages. The median income for this subgroup was \$2,650; however, the 150 NCP-mothers had a median of \$1,590.

Another 8.8 percent (105) of the NCPs with orders based on actual income had income from self-employment. Self-employment covered a broad spectrum. Some NCPs owned businesses and reported very substantial income. Others had very low income, mainly NCP-mothers doing part-time child care.

In a comparison of means (ANOVA), the difference in means for fathers and mothers was statistically highly significant ($p < .001$) on monthly net income, transfer payment, and transfer payment as share of net income. Income type also makes a significant difference on monthly net income and transfer payment (both $p < .001$). Post hoc testing showed that the category Other

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.14. Non IV-D Orders Using NCPs' Documented Actual Income

NCPs with Actual Income Source Documented in Orders by Income Type, Income and Transfer Payment		NCP - Father	NCP - Mother	All
Salaries, wages		897	150	1,047
Net monthly income	Mean	\$ 3,238	\$ 1,848	\$ 3,039
	Median	\$ 2,800	\$ 1,590	\$ 2,650
Transfer payment	Mean	\$ 572	\$ 173	\$ 515
	Median	\$ 500	\$ 61	\$ 460
Transfer as share of net	Mean	18.7 %	9.5 %	17.5 %
	Median	18.2 %	6.1 %	17.6 %
Self-employment		94	11	105
Net monthly income	Mean	\$ 3,966	\$ 1,405	\$ 3,698
	Median	\$ 2,926	\$ 1,274	\$ 2,610
Transfer payment	Mean	\$ 640	\$ 114	\$ 585
	Median	\$ 552	\$ 25	\$ 500
Transfer as share of net	Mean	18.8 %	8.9 %	17.7 %
	Median	18.1 %	1.1 %	17.6 %
Other (work-related benefits, unearned income) ^a		32	12	44
Net monthly income	Mean	\$ 1,627	\$ 797	\$ 1,401
	Median	\$ 1,564	\$ 648	\$ 1,492
Transfer payment	Mean	\$ 282	\$ 19	\$ 210
	Median	\$ 248	\$ 0	\$ 25
Transfer as share of net	Mean	15.9 %	2.2 %	12.6 %
	Median	18.2 %	0 %	4.6 %
Total NCPs with Actual Documented Income		1,023	173	1,196
As share of sampled NCPs on non IV-D orders		87.3 %	60.5 %	82.0 %
Monthly net income	Mean	\$ 3,252	\$ 1,747	\$ 3,034
	Median	\$ 2,781	\$ 1,502	\$ 2,602
Transfer payment	Mean	\$ 569	\$ 158	\$ 509
	Median	\$ 500	\$ 50	\$ 456
Transfer as share of net	Mean	18.6 %	9.0 %	17.4 %
	Median	18.2 %	5.2 %	17.5 %
Children on order	Mean	1.59	1.66	1.60
	Median	1.00	1.00	1.00

^a The category Other includes 24 NCPs with work-related benefits. Most (21) of these NCPs were fathers; only three mothers had work-related benefits. The category Other also includes 21 NCPs with unearned income (12 fathers; 9 mothers).

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

was significantly lower ($p < .001$) than either Wages/Salaries or Self-Employment, but the latter two did not differ significantly from each other.

The remaining 44 had work-related benefits or unearned income. This last subgroup had the lowest income, with a median of \$1,492, but the NCP-mothers here had a very low median of \$648 (largely spousal maintenance).

In a comparison of means, the difference in means for mothers and fathers was statistically highly significant on net income, transfer payment and transfer as share of net. Income type made a statistically significant difference on net income and transfer payment ($p < .001$, ANOVA). Further testing showed that the category “Other” was significantly lower than either “Wages/Salaries or Self-Employment,” but the latter two did not differ significantly from each other.

Table 3.15 summarizes information for orders with income imputed for the NCPs. As in the two previous tables, this table shows monthly net income, transfer payment, and transfer as share of net for the NCP-fathers, NCP-mothers, and both combined. Here, however, the orders are grouped by the method used to impute income.

For these non IV-D orders, use of national median net for age and gender was the most frequent method of imputing, with 68 out of the 142 orders. There were 46 orders designated as using imputed income for which we could not determine the imputing method used. Smaller numbers of orders had NCPs’ income imputed from past record of reported earnings; NCPs’ earning capacity; or minimum wage.

We already saw that less than one-tenth of non IV-D orders were clearly based on imputed income for the NCPs, but almost one-fourth (23.8 percent) of orders for NCP-mothers used imputed income. Moreover, we see in Table 3.16 that by far the most common method of imputing for NCP-mothers is national median net for age and gender. Of 68 mothers, 39 or 57.4 percent had income imputed at median net. A chi-square test of the relationship between NCP’s gender and method of imputing income showed that the main departures from expected counts were the higher proportion of mothers with income imputed at median net and the lower than expected proportion of fathers with income imputed at median net.

According to the Schedule, median net is supposed to be used only when no income information is available. It is not known why there is a paucity of income data for NCP-mothers. It may be that the NCP-mother has a history of cash and non-cash public assistance, breaks in employment and other factors that make imputing to the national median net easier than trying to determine a number to fill in for income.

NCPs had lower income and transfer payments if minimum wage was used to impute income. Statistical testing of imputing method showed that using minimum wage produced significantly lower net income than imputing at median net or earning capacity.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

The proportion of mothers with income imputed at median net is higher and the proportion of fathers with income imputed at median net is lower than expected. These were the largest departures from expected counts found in a chi-square test on the relationship between NCP's gender and method of imputing income ($p < .01$).

Table 3.15. Methods of Imputing NCPs' Net Income on Non IV-D Orders

Method Used to Impute NCP's Income, Imputed Income, and Transfer Payment		NCP – Father	NCP - Mother	All
Past record of reported earnings	Number	7	2	9
Monthly net income	Mean	*	*	\$2,174
Transfer payment	Mean	*	*	\$ 325
Transfer as share of net	Mean	*	*	13.6 %
Minimum wage	Number	1	8	9
Monthly net income	Mean	*	*	\$ 890
Transfer payment	Mean	*	*	\$ 102
Transfer as share of net	Mean	*	*	10.8 %
Earning capacity	Number	7	3	10
Monthly net income	Mean	*	*	\$2,889
Transfer payment	Mean	*	*	\$ 588
Transfer as share of net	Mean	*	*	20.0 %
Median net for age and gender	Number	29	39	68
Monthly net income	Mean	\$2,186	\$1,531	\$ 1,810
Transfer payment	Mean	\$ 388	\$ 241	\$ 304
Transfer as share of net	Mean	17.4 %	16.0 %	16.6 %
Imputed but method not specified	Number	30	16	46
Monthly net income	Mean	\$2,511	\$1,173	\$2,046
Transfer payment	Mean	\$ 369	\$ 104	\$ 277
Transfer as share of net	Mean	19.1 %	8.5 %	15.6 %
Total NCPs with Imputed Income		74	68	142
As share of sampled NCPs on non IV-D orders		6.3 %	23.8 %	9.7 %
Imputed monthly net income	Mean	\$2,434	\$1,376	\$1,927
Transfer payment	Mean	\$ 410	\$ 188	\$ 304
Transfer payment as share of net	Mean	18.4 %	13.2 %	15.9 %

* Insufficient numbers to report results by gender.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Bringing Both Parents into the Analysis

In general, research on orders has paid little attention to the income basis used for CPs. However, for states using an income-shares model, the CP’s income is used as well as the NCP’s to set the order. We coded income bases for both parties to the non IV-D orders.

Table 3.16 turns attention to the CPs on these orders. As in Table 3.13, the income basis for setting the order is divided into actual income, imputed income, and not specified/can’t tell. For all CPs in the table, actual income was used to set the order for a large majority—78.4 percent. About one-tenth were imputed.

One-fifth of the CPs in the table were fathers (281 or 19.5 percent). The proportion of CP-fathers with actual income was higher, 82.9 percent, while the share with imputed income was very small (4.6 percent), compared to the CP-mothers, with 77.4 percent and 11.1 percent, respectively.

Again the difference in incomes between mothers and fathers was significant as in our earlier comparisons. Median income for fathers was \$2,352, compared to \$1,743 for CP-mothers.

Table 3.16. Monthly Net Income of Custodial Parents on Non IV-D Orders by Income Basis

Income Basis Used to Calculate Monthly Net Income of Custodial Parent (CP)		Custodial Parent		
		CP - Father	CP – Mother	All
Actual income	Number	233	895	1,128
	Percentage	82.9 %	77.4 %	78.4 %
	Monthly net Mean	\$ 2,863	\$ 2,010	\$ 2,186
	Monthly net Median	\$ 2,498	\$ 1,811	\$ 1,957
Imputed	Number	13	129	142
	Percentage	4.6 %	11.1 %	9.9 %
	Monthly net Mean	\$ 1,801	\$ 1,780	\$ 1,782
	Monthly net Median	\$ 1,717	\$ 1,523	\$ 1,523
Not specified/can’t tell	Number	35	133	168
	Percentage	12.5 %	11.5 %	11.7 %
	Monthly net Mean	\$ 2,030	\$ 1,989	\$ 1,997
	Monthly net Median	\$ 1,700	\$ 1,482	\$ 1,522
Total	Number	281	1,157	1,438
	Percentage	100 %	100 %	100 %
	Monthly net Mean	\$ 2,710	\$ 1,982	\$ 2,124
	Monthly net Median	\$ 2,352	\$ 1,743	\$ 1,829

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

Income basis also made a statistically significant difference. Means were significantly higher when actual income was used than when income was imputed.

In a comparison of means (ANOVA), the difference in mean monthly net income for fathers and mothers was statistically highly significant ($p < .001$). Income basis also made a significant difference ($p < .01$). Post hoc testing showed that means were significantly higher when actual income was used than when income was imputed.

Finally, Table 3.17 brings together the income bases of NCPs and CPs. The table groups the orders by the paired income basis of the parents on those orders. It then shows combined monthly net income and transfer payment for the nine groups.

Two-thirds of these orders were based on the reported or “actual” income of both parties. They had the highest median combined income at \$4,536, but their median transfer payment ranked fourth at \$450. Only 30 orders were based on imputed income for both parties. There were 45 orders for which the coder could not determine income basis for either party.

Table 3.17. Combined Net Income and Transfer Payment by Income Bases

Income Bases Used to Calculate NCP's and CP's Income for Order		Number of Orders	Parents' Combined Monthly Net Income		Transfer Payment	
NCP	CP		Mean	Median	Mean	Median
Actual	Actual	963	\$ 5,137	\$ 4,536	\$ 494	\$ 450
Actual	Imputed	110	\$ 4,844	\$ 4,293	\$ 572	\$ 500
Actual	Not Specified	113	\$ 5,665	\$ 4,123	\$ 602	\$ 496
Imputed	Actual	98	\$ 4,281	\$ 3,899	\$ 307	\$ 250
Imputed	Imputed	30	\$ 4,915	\$ 3,456	\$ 327	\$ 301
Imputed	Not Specified	14	\$ 3,111	\$ 3,004	\$ 227	\$ 88
Not Specified	Actual	69	\$ 3,875	\$ 3,412	\$ 281	\$ 211
Not Specified	Imputed	3	*	*	*	*
Not Specified	Not Specified	45	\$ 4,197	\$ 3,966	\$ 385	\$ 255
All		1,445	\$ 4,991	\$ 4,316	\$ 477	\$ 412

* Insufficient numbers to report results.

A Study of Washington State Child Support Orders **Exploring the Universe of Cases within the Context of the Child Support Schedule**

Orders based on the actual income of both parties should be the most accurate and the “fairest” for father, mother, and children given the requirements of the Schedule. It is possible that some of the paired Not Specified/Not Specified were also based on actual income of both parties.

There are statistically significant differences in means on combined net income depending on the paired income calculation bases. However, the most important issue is whether the NCP’s actual income was used. Using the CP’s actual income without the NCP’s actual income did not produce significantly higher means in these comparisons.

There were statistically significant differences in means on transfer payment depending on the paired income-calculation bases ($p < .001$). Post hoc testing showed results similar to those for combined net income. When actual income was used for both NCP and CP, the mean transfer payment was significantly higher than the means for other paired situations.

Because of the circumstances under which non IV-D orders are created, the chances of obtaining actual income for both parties are surely better than on the IV-D orders. Default orders do happen in divorce/dissolutions and other direct pay orders. However, both parties are more likely to be present and involved in these orders than on IV-D administrative orders in which where one party is often absent and without reported earnings. Imputing income may be used on both IV-D and non IV-D orders when either parent is unemployed or lacking in work experience. If two-thirds of non IV-D orders use actual income for both parties, we would expect that the proportion would be substantially lower on IV-D orders.

Income Basis of IV-D Orders

Table 3.18 distinguishes between court orders and administrative orders, and also shows separate columns for NCP-fathers and NCP-mothers. The overall percentage of NCPs with imputed income was 31.2 percent.

Differences appear for the percentage of NCP-mothers in the court order category compared to administrative. At 33.6 percent, NCP-mothers with administrative orders have the highest share of imputed income, while in the court order category they have the lowest share of imputed income at 19.1 percent.

A chi-square test of the relationship between imputed income and order category ($p < .0005$) found that the number of NCP-fathers with imputed income in the Court Orders category was higher than expected and the number with Administrative Orders lower than expected. The reverse held for NCP-mothers: the number with imputed income and Administrative Orders was much higher and the number with Court Orders much lower than expected.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.18. Noncustodial Parents with Imputed Income on IV-D Orders (Worksheet Forms)

	NCP-Fathers	NCP-Mothers	All NCPs
Court Orders			
NCPs with imputed income			
Number	418	13	431
Percentage	31.6 %	19.1 %	31.0 %
All NCPs with court orders	1,321	68	1,389
Administrative Orders			
NCPs with imputed income			
Number	295	163	458
Percentage	30.2 %	33.6 %	31.3 %
All NCPs with administrative orders	977	485	1,462
Total IV-D Orders			
NCPs with imputed income			
Number	713	176	889
Percentage	31.0 %	31.8 %	31.2 %
All NCPs with IV-D orders	2,298	553	2,851

Table 3.19 presents the proportion of CPs with imputed income. Here there is far more variation throughout the table, with percentages ranging from 14.7 to 28.3—both, incidentally, for CP-mothers. The overall proportion of CPs with imputed income is 22.0 percent. This reflects the preponderance of CP-mothers, whose share of orders with imputed income is 22.7 percent. By comparison, CP-fathers have a lower proportion of 16.3 percent.

Generally, if we compare Table 3.18 with 3.19, the percentage of CPs with imputed income is lower than the percentage of NCPs in the corresponding cell. The exception is CP-mothers with court orders. They have the highest percentage of imputed income at 28.3 percent. NCP-mothers with court orders also make up about 53 percent of the CPs in the table. The fact that over 28 percent of their orders used imputed income is notable.

Many IV-D court orders consist of paternity orders entered by prosecutors working under contract with DCS. Often the family is receiving TANF. In these cases, the CP-mother is almost always working with DCS and the prosecutor. The cooperation of the NCP is not always assured. It is not surprising that 31.6 percent of the NCP-fathers with court orders had imputed income. Imputing income for the CP-mother as well probably reflects a practice among county prosecutors of imputing income for CP-mothers, whether they are on TANF or simply unemployed.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.19. Custodial Parents with Imputed Income on IV-D Orders (Worksheet Form Record)

	CP-Fathers	CP-Mothers	All CPs ^a
Court Orders			
CPs with imputed income			
Number	9	362	371
Percentage	15.0 %	28.3 %	27.7 %
CPs with court orders	60	1,277	1,337
Administrative Orders			
CPs with imputed income			
Number	31	133	164
Percentage	16.8 %	14.7 %	15.0 %
CPs with administrative orders	185	906	1,091
Total IV-D Orders			
CPs with imputed income			
Number	40	495	535
Percentage	16.3 %	22.7 %	22.0 %
CPs with IV-D orders	245	2,183	2,428

^a Excluding orders with non-parental custodians.

A chi-square test of the relationship between imputed income and order category ($p < .0005$) found that the number of CP-mothers with imputed income and court orders was much higher than expected and the number with administrative orders lower than expected. The reverse held for CP-fathers with imputed income: administrative orders were higher and court orders lower than expected.

Table 3.20 shows the monthly net income, transfer payment and transfer as share of net income for NCPs by income basis used to set the order. When divided simply into two groups—actual and imputed income—there are not statistically significant differences in income or transfer payment. The results here reflect those for NCP-fathers alone, who comprise over 80 percent of NCPs. For NCP-fathers, income basis does not make a difference on net income but does for transfer payment.

The picture is quite different for NCP-mothers. Imputed income is notably higher, with a mean of \$1,092 compared to \$875 for actual income. Transfer payment was also higher for mothers with imputed income.

However, NCP outcomes are related to gender as well as income basis. NCP-fathers' incomes were higher than NCP-mothers' incomes regardless of whether income was actual or imputed.

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.20. Income Basis Used to Set IV-D Orders (DCS Worksheet Form Record)

Income Basis for Setting NCP's Order Amount		NCP – Father	NCP – Mother	All
Actual income	Number	1,585	377	1,962
	Percentage	69.0 %	68.2 %	68.8 %
Monthly net income	Mean	\$ 1,572	\$ 875	\$ 1,438
	Median	\$ 1,400	\$ 958	\$ 1,275
Transfer payment	Mean	\$ 302	\$ 141	\$ 271
	Median	\$ 269	\$ 126	\$ 242
Transfer as share of net		n = 1,471	n = 281	n = 1,752
	Mean	19.2 %	14.4 %	18.5 %
	Median	18.7 %	15.2 %	17.9 %
Imputed income	Number	713	176	889
	Percentage	31.0 %	31.8 %	31.2 %
Monthly net income	Mean	\$ 1,524	\$ 1,092	\$ 1,438
	Median	\$ 1,308	\$ 971	\$ 1,214
Transfer payment	Mean	\$ 277	\$ 171	\$ 256
	Median	\$ 242	\$ 143	\$ 220
Transfer as share of net		n = 706	n = 162	n = 868
	Mean	17.9 %	14.4 %	17.2 %
	Median	17.9 %	15.2 %	17.8 %
All	Number	2,298	553	2,851
	Percentage	100 %	100 %	100 %
Monthly net income	Mean	\$ 1,557	\$ 944	\$ 1,438
	Median	\$ 1,363	\$ 969	\$ 1,259
Children on order	Mean	1.33	1.43	1.35
	Median	1.00	1.00	1.00
Transfer payment	Mean	\$ 294	\$ 150	\$ 266
	Median	\$ 260	\$ 143	\$ 239
Transfer as share of net		n = 2,177	n = 443	n = 2,620
	Mean	18.8 %	14.4 %	18.1 %
	Median	18.2 %	15.2 %	17.9 %

When NCPs were simply divided into two groups: actual and imputed income, there were no statistically significant differences on net income or on transfer payment. For NCP-fathers alone, the difference in net income between actual and imputed is not significant, although transfer payment is. However, for NCP-mothers alone, the difference between actual and imputed income shows statistically significant differences on both income and transfer payment.

When NCPs are grouped by income basis and gender into four groups, the difference in means was statistically significant ($p < .005$, ANOVA) for all three variables: net income, transfer payment and transfer as share of net. Post hoc testing showed the following sources of significant difference. On net income, the means for father-actual and father-imputed were higher than the means for mother-actual and mother-imputed. The mean for mother-actual income was significantly lower than mother-imputed income and both income categories for fathers.

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 3.21 repeats the format of the previous table, but for custodial parents. Here, according to data from SSGen, almost 80 percent of orders used CPs' actual income, but imputed income was more likely for CP-mothers than for CP-fathers.

For CPs, imputed income was higher than actual income. Income basis was more important than gender, an unusual outcome in this study. Imputed income was higher for both fathers and mothers than actual, and imputed income for mothers was higher than actual income for fathers.

Table 3.21. Monthly Net Income of Custodial Parents by Income Basis on IV-D Orders
(DCS Worksheet Form Record)

Income Basis Used to Calculate Monthly Net Income of Custodial Parent (CP)		Custodial Parent ^a			
		CP - Father	CP - Mother	All	
Actual income	Number	205	1,688	1,893	
	Percentage	83.7 %	77.3 %	78.0 %	
	Monthly net	Mean	\$ 845	\$ 685	\$ 702
	Monthly net	Median	\$ 0	\$ 629	\$ 559
Imputed	Number	40	495	535	
	Percentage	16.3 %	22.7 %	22.0 %	
	Monthly net	Mean	\$ 1,480	\$ 1,127	\$ 1,153
	Monthly net	Median	\$ 1,172	\$ 971	\$ 974
Total	Number	245	2,183	2,428	
	Percentage	100 %	100 %	100 %	
	Monthly net ^b	Mean	\$ 948	\$ 785	\$ 802
	Monthly net ^b	Median	\$ 800	\$ 940	\$ 940

^a Excludes orders with non-parental custodians.

^b The breakdown by order category is as follows. CP-Fathers: Court orders, mean \$1,471, median \$1,294; Administrative orders, mean \$779, median \$0. CP-Mothers: Court orders, mean \$938, median \$969; Administrative orders, mean \$570, median \$0.

Imputed income was significantly higher than actual income (p<.0005). In pairwise comparisons by income basis and gender, father-imputed was significantly higher than father-actual and mother-actual. Similarly, mother-imputed was higher than either mother-actual or father-actual. But there were not significant differences between father-actual and mother-actual or between father-imputed and mother-imputed.

Finally, Table 3.22 brings together the income basis used for both parents and shows combined net income and transfer payment. According to the data entered on the forms, 60 percent of the orders used actual income for both parties. Another 13.5 percent used imputed income for both parents. As we explained earlier, selecting "imputed" on SSGen required a deliberate choice. Statistical testing indicated that using imputed income for both parents resulted in higher

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

combined income than when both parents actual income was used. Oddly, transfer payments did not show significant differences no matter what the combined income basis.

Table 3.22. Combined Net Income and Transfer Payment by Income Basis on IV-D Orders

Income Basis Used to Calculate Parents' Income for Order ^a		Number of Orders	Parents' Combined Monthly Net Income		Transfer Payment	
Father	Mother		Mean	Median	Mean	Median
Actual	Actual	1,461	\$ 2,302	\$ 2,127	\$ 291	\$ 258
Actual	Imputed	249	\$ 2,510	\$ 2,394	\$ 267	\$ 242
Imputed	Actual	391	\$ 1,968	\$ 1,740	\$ 278	\$ 242
Imputed	Imputed	327	\$ 2,692	\$ 2,357	\$ 265	\$ 242
All		2,428	\$ 2,322	\$ 2,154	\$ 283	\$ 250

^a Excludes orders with non-parental custodians.

Combined Net Income - There are statistically significant differences in means on combined net income ($p < .001$, ANOVA). Post hoc testing showed that using imputed income for both parents resulted in significantly higher combined income than when both parents' actual income was used, or when father-imputed/mother-actual was used. The combination father-imputed/mother-actual was significantly lower than the other three combinations.

Transfer Payment - The difference between means was not statistically significant. No combinations were statistically significant in pairwise comparisons.

Reviewing these tables together raises intriguing questions. For example, we already knew from other parts of the study that NCPs with administrative orders had the lowest median incomes of the four order strata. We knew that NCP-mothers with administrative orders had the lowest incomes. We also knew that the largest proportion of NCP-mothers in the study had administrative orders.

Table 3.18 adds the information that 33.6 percent of these women had imputed income. Table 3.19 then shows that income was higher for NCP-mothers whose income was imputed than the income for NCP-mothers whose actual income was used. This leads to the question of whether the median income reported for NCP-mothers with administrative orders, although it is the lowest in the four order categories, is nevertheless higher than their actual income.

The analysis of non IV-D orders based on the research analyst's coding indicated that median income was higher for orders using actual income than the median income for orders with

A Study of Washington State Child Support Orders Exploring the Universe of Cases within the Context of the Child Support Schedule

imputed income. Stirling concluded, using her enlarged estimate of imputing, that for IV-D orders as well, orders using actual income were higher than those using imputed income. It is important to understand that this does not imply that the actual income for NCP-mothers with imputed income would have been higher than that used in the order. If a woman's true income was \$0, imputing at minimum wage would still produce an inflated order. If the median income for orders using actual income is higher than the median for orders using imputed income, at best we can conclude that at least imputing did not inflate the mean or median above the level of orders using actual income.

Analysis of the IV-D orders, based on data from SSGen, shows more diverse results than for the non IV-D orders or the Stirling estimates of IV-D imputation. For NCP-fathers, imputed and actual income seemed about the same. For NCP-mothers, imputed income was higher. For CPs, imputed income was higher for both fathers and mothers than actual income. When imputed income was used for both parents, combined net income was significantly higher than when actual income was used for both.

This raises the question, among others, whether there is selectivity in imputing method reflected in the worksheet generators' decision to select *imputed*. Perhaps the methods staff perceive as imputing are more likely to result in high income estimates. Staff may not acknowledge that enlarging a few part-time hours of work into full-time income is also imputing. Perhaps the unacknowledged methods result generally in lower estimates. The information was insufficient to determine the full impact of imputing income on child support orders.

4. Measuring Recent Orders in Light of Arrearage Project Findings

The DCS research study on child support arrearages found that debt growth occurred mainly among low-income noncustodial parents (NCPs) whose monthly order amount (current support or transfer payment) was too high for reported wages. (*See References for Final Report on Arrearages*). Although debt was concentrated among low-wage NCPs, the ratio of monthly order to wages was strongly correlated with debt patterns at all wage levels. Debt grew when the ratio of current support to the NCP's gross wages exceeded 20 percent. When the order amount was at or below 20 percent of gross wages, debt did not grow, even among low-wage NCPs.

An important caveat is that wages account for only 75 percent of income across all income groups. At both the high end and low end of the income spectrum, there are income streams that supplement wages. At the higher end, additional income is in the form of capital gains, interest income, dividends, etc. At the lower end, additional income is in the form of cash assistance, such as Temporary Assistance for Needy Families (TANF), child support, Earned Income Tax Credits and in non-cash assistance, such as Food Stamps, housing assistance, subsidized child care, Medicaid, etc. Another caveat is that the arrearage study was based on reported wages to the Employment Security Department, which captures only 85 percent of all wage earnings in the state. Both of these caveats indicate that there is underreporting of income and of wages.

The perspective on orders differs considerably between the two studies. The Arrearages project studied only IV-D cases, and the IV-D caseload is much more heavily low-income than the general Washington population governed by child support orders. The Arrearages project focused on the NCP's total obligation, which might include multiple orders entered at different times. The study used gross wages for covered employment reported to Employment Security.

By contrast, this present study sampled from all the orders entered in a particular time frame. The focus is on the single order. Because the Schedule relies on net income, analysis and review also have relied on net income. Gross income was not consistently reported on the worksheets, but was not supposed to be simply wages from covered employment.

In the present study, one-fourth of the order worksheets lacked a valid gross income amount for the NCP. (Either gross income was missing, or the same amount was entered for gross and net, or occasionally a higher amount was entered for net than for gross.) We found a statistically significant difference in reported net income between worksheets with valid gross income and those without. When a valid gross income amount was missing, the reported net income was on average significantly lower than net income on worksheets with both gross and net income present. A significant difference exists even when female NCPs are excluded. We found a difference for all four categories of orders. On the other hand, gross income was also missing in a few instances in which the NCP had extraordinarily high net income. Because of the differences, we could not estimate missing gross income from reported net income.

More important, the differences here may point to a problem that deserves more attention. In some circumstances, the missing gross income may indicate imputing, and the lower average net

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

may or may not be merited. In other circumstances, omitting the gross amount may facilitate more deductions than merited.

The Child Support Schedule states that “all income and resources of each parent’s household shall be disclosed and considered by the court when the court determines the child support obligation of each parent.” (*See References for Washington Child Support Schedule, page 1.*) The support schedule calls for verification of income in the form of tax returns for two years prior to completing the worksheets and current pay stubs.

Income sources in gross monthly income include “income from any source,” which include earned wages and salaries, commissions, overtime, deferred compensation, contract-related benefits, second job income, dividends, interest, trust income, severance pay, annuities, capital gains, unemployment benefits, workers’ compensation, unemployment benefits, workers’ compensation, spousal maintenance received, bonuses, social security benefits and disability insurance benefits. Note that these sources of income refer to earned-income and to additional income streams from those with additional resources other than earned income.

Under the section, “Income sources excluded from gross monthly income,” the income sources for the low end of the income strata are to be disclosed but not included in gross income. These include TANF, Social Security Income, general assistance, Food Stamps. Other exclusions from gross monthly income are child support received from other relationships, gifts and prizes and income of other adults in the household. The first set of excluded income sources is important to the custodial parents’ (CPs’) households. By not including them in the monthly gross income, two unintended consequences occur. First, there is considerable variation in the amount of income that is imputed to the CP. In some instances, zero is entered. In other instances, income such as minimum wage at part- or full-time work or median net income is imputed. The result is that there is little known about the true income of many CPs. If the Schedule required all income streams, it would be much easier to determine the actual financial well-being of the children in the CP’s household. Second, the amount that is entered for the CP affects the amount that will be transferred as child support from the NCP. By failing to quantify the actual income and sources for the CP, the amount to be entered is left to the discretion of the person completing the worksheets rather than from a verified source, as required. The result is that the transfer amounts will be larger or smaller than they should be.

The Differential Impact of Using Net Income in Setting Orders on NCPs

We examined the relationship between net and gross income for 3,245 NCPs, who made up 75.4 percent of the NCPs in the sample. We constructed a gross income scale with intervals of \$700.

Table 4.1 shows net income as a percentage of gross income for parents at each income range. In addition to the NCPs, the table provides a column for fathers and a column for mothers with both gross and net income reported on the worksheets, regardless of whether they were the NCP on the order. As gross income increases, the percentage gap between gross and net income consistently increases. For NCPs with gross monthly income less than \$700, net income

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

averages 88.6 percent of gross, while for NCPs with gross monthly income in the \$6,300 – 6,999 range, net averages 68.2 percent of gross.

Table 4.1. Net Income as a Percentage of Parents' Gross Income

Parent's Gross Monthly Income from WSCSS Worksheet	Parent's Net Income as Percentage of Gross Income		
	NCP	Father	Mother
Less than \$700 Mean	N = 26 88.6	N = 17 88.6	N = 78 90.8
\$700 - 1,399 Mean	N = 1,019 83.9	N = 746 83.9	N = 1,069 84.6
\$1,400 – 2,099 Mean	N = 755 81.7	N = 684 82.0	N = 522 82.5
\$2,100 – 2,799 Mean	N = 479 80.3	N = 484 80.3	N = 282 81.0
\$2,800 – 3,499 Mean	N = 291 77.5	N = 298 77.6	N = 149 78.3
\$3,500 – 4,199 Mean	N = 223 75.1	N = 230 75.5	N = 88 76.0
\$4,200 – 4,899 Mean	N = 136 74.0	N = 159 73.4	N = 46 75.5
\$4,900 - 5,599 Mean	N = 95 71.7	N = 103 71.5	N = 27 76.5
\$5,600 – 6,299 Mean	N = 51 70.5	N = 57 70.3	N = 15 71.4
\$6,300 – 6,999 Mean	N = 45 68.2	N = 45 64.6	N = 17 73.1
\$7,000 and above Mean	N = 125 63.9	N = 134 63.6	N = 27 68.3
Total Mean	N = 3,245 79.7	N = 2,957 79.2	N = 2,320 82.5

A Study of Washington State Child Support Orders
Exploring the Universe of Cases within the Context of the Child Support Schedule

Table 4.2 groups NCPs according to scale of gross monthly income. It shows the mean monthly transfer payment and the mean percentage of gross monthly income represented by the transfer payment for each income range. The mean percentage at each range was well below 20 percent of gross. Moreover, the highest mean percentages were not at the income ranges below \$1,400. The two ranges with mean percentages significantly higher than most others were \$1,400-2,099 and \$2,100-2,799. Hence these recent orders show some differences from the findings of the Arrearages project, as expected.

Table 4.2. Transfer Payment as Percentage of Gross Monthly Income

Noncustodial Parent's Monthly Gross Income from WSCSS Worksheet	Number of NCPs	Transfer Payment Amount (Mean)	Transfer Payment as Share of Gross Income (Mean) *
Less than \$700	26	\$ 33	8.5 %
\$ 700 - 1,399	1,019	\$ 159	13.3 %
\$1,400 – 2,099	755	\$ 283	16.5 %
\$2,100 – 2,799	479	\$ 384	15.9 %
\$2,800 – 3,499	291	\$ 460	14.8 %
\$3,500 – 4,199	223	\$ 503	13.2 %
\$4,200 – 4,899	136	\$ 606	13.5 %
\$4,900 - 5,599	95	\$ 616	12.1 %
\$5,600 – 6,299	51	\$ 746	12.6 %
\$6,300 – 6,999	45	\$ 789	12.0 %
\$7,000 and above	125	\$ 1,098	10.4 %
Total	3,245	\$ 357	14.3 %

**The difference in percentage of gross income represented by the transfer payment was statistically significant (ANOVA, $p < .001$). Post hoc testing showed that the income range \$1,400-2,099 was significantly higher than eight other income ranges in percentage of income represented by the transfer payment. The next range, \$2,100-2,799, was significantly higher than five other ranges in percentage of income represented by the transfer payment. The highest income range (\$7,000 and above) was significantly lower in percentage of income represented by the transfer payment than the four income ranges between \$700 and \$3,499.*

5. Improving the Study of Orders

For this project we made a research decision to use both administrative data and direct coding and data entry. Using administrative data made it possible to analyze a larger sample. Direct coding and data entry only would have produced more consistent results for a smaller sample.

Parts of the resulting database were used for several purposes. For example, we used this study to acquire simple descriptive statistics about the mix of orders, transfer amounts and the income of parents on which orders were based. For the first time, administrative data were incorporated into a Schedule review. An economist used some of the data to study economic well-being of families after households split up.

We also experimented with the use of order data to see how DCS could use mixed data sources to accomplish required tasks. Although this last purpose seems the most mundane and least substantive of those listed, it focuses attention on the most challenging aspect of child support research: ensuring reliable, meaningful data so that we measure what we intend to measure.

DCS Needs a Computerized Record of Order Elements

DCS needs a reliable, permanent, computerized record of order elements. Such a record is important for both external and internal research purposes.

Mandated periodic Schedule reviews require reliable records. Coding and data entry from imaged or paper records are slow and costly ways to get needed data. DCS does not control entry of all Washington orders, but IV-D orders comprise a large proportion of orders entered. For internal purposes, DCS could use a database of order summary records to monitor the flow of orders in the IV-D caseload. Of course, some cases enter the DCS caseload with an existing court order, either from Washington or another jurisdiction. DCS must enforce these orders. But each year thousands of court and administrative orders are created by prosecutors under contract with DCS or by DCS staff. To track these orders and keep abreast of trends, as well as ensure consistency on administrative orders, DCS needs data records.

Presently, DCS lacks a database with accurate and comprehensive order information. The imaging of orders and more recently of case documents now makes it possible for staff to view orders, including administrative orders. This is a very important information source. However, imaging does not put needed elements into a database.

The SSGen program used internally to generate Support Schedule worksheets does not automatically include a summary report when the staff member generates a worksheet. Since these worksheets are often preliminary or experimental, it would be pointless to require a summary report each time.

But it would be within the agency's power to require a summary report each time a IV-D order is finalized. The report would need to be stored in a separate database that does not get purged

A Study of Washington State Child Support Orders **Exploring the Universe of Cases within the Context of the Child Support Schedule**

every 90 days. The summary report data could be read into other software programs so that it is available to a Schedule reviewer as well as to DCS research staff.

To be useful, such a DCS summary report should be designed to include the needed data elements for both a Schedule review and internal tracking of orders. It needs, for example, to document how income was calculated.

Order data available on flatfile extracts comes from information input to the SEMS Order Record (OR) screen by DCS staff. For example, this screen provides the current support amount and judgment amount set with the individual order (as opposed to the MOA variable, which is current support on the case and may incorporate multiple orders).

However, the OR screen is a working screen that collections staff use for ongoing purposes. We found that it was not a reliable reference for the original order as it was entered.

DCS cases are volatile, and even within a few months, circumstances can change. For example, we intended to compare the MOA with the order current support (AMTCURR) variable from a May 2001 flatfile extract to see how many NCPs had MOAs equal to the current support on the single order. A higher MOA would help us estimate what proportion had multiple orders even on the same case. Had we found that when the MOA and order current support differed, the MOA was higher, we would have assumed multiple orders explained the discrepancy. However, we found that one-fourth of the sample IV-D cases had MOAs lower than the order current support, just a few months after the order was entered.

Moreover, OR screen data elements are entered by many DCS staff, introducing inconsistency. They use SEMS codes for some elements, such as deviation codes. As we saw earlier, for low-income NCPs, what SEMS calls a “deviation” is not always what the Schedule means by a deviation.

Consequently, it would be far preferable to have a summary report with information entered by the prosecutors, claims officers, or DCS staff responsible for the order when entered. Such a summary report would ensure a permanent, consistent record of the order.

Using Existing DCS Sources

We experimented with using data generated when DCS staff and prosecutors create Support Schedule worksheets through the SSGen computer program. Although maintained by SEMS staff, the database is separate from SEMS. The data generated were kept in an SQL database, which was purged every 90 days. By incorporating data from this temporary database, we avoided coding and manually entering the worksheet variables, such as gross and net income for both parties, the basic child support obligation, each parent’s share and the standard calculation. The program also asked whether the income for each parent was imputed, and whether the parents’ actual incomes were known.

A Study of Washington State Child Support Orders **Exploring the Universe of Cases within the Context of the Child Support Schedule**

These records were not limited to the final worksheet generated by staff to accompany the order. Sometimes several versions existed as staff experimented or refined information used. Consequently, the economic analyst who did the cross-matching of data from various sources faced numerous challenges determining which version was appropriate. (One tool was to compare the exact time the version was generated, which included the date, the hour and the minutes, assuming that the latest version was the most accurate. Considering that thousands of such worksheet files were downloaded and many cases had duplicate worksheet records, this was not an easy task.) Potentially, this database could be more useful for Schedule research (in the absence of a summary report), if the program contained an option to indicate that this was the final version of the worksheet for the order.

We also found that the options for choosing whether income was actual or imputed and known or unknown contained a default. If the author left the items blank, the default was “actual.” Unless the option for “imputed” was specifically selected, then, the automatic entry would be “actual.” To be more useful, the author would need to make specific choices.

A third helpful change would be more specific identification of what the worksheet was intended for—not only case number but order type as well. We discovered that multiple orders were under construction for some NCPs over a few months.

With these changes, and if the worksheets designated as final were preserved in a more permanent database when others were purged, the worksheet form creation data might be serviceable in the absence of a summary report. Again in the absence of a DCS summary report, if it is necessary to use extracts to study recent orders, it would be helpful to use successive monthly extracts if the orders were entered over several months. For example, for orders entered in April, use a June extract; for May, use a July extract, etc. At this earlier time, the OR screen material is more likely to reflect the sampled order, and the case MOA more likely to reflect the actual contribution of the sampled order to the MOA (current support on the case).

This “fix,” however, would not address the issue of consistency/accuracy in deviation codes and deviation amounts. In this study we (and Dr. Stirling) used a subjective approach, in that we took the worksheet or order author’s statement as the source. For direct pay orders, this reported on whether the author tried to comply with Schedule requirements. But for IV-D orders with OR screen information, this reflected intervening staff data entry. An alternative approach would be simply to rely on programming to check congruence with the Schedule’s requirements. If the order was high or low according to the programming outcomes, the researcher would check to see if the imaged order showed an intended deviation.

Specific Order Issues: Daycare/Health Care

For this project we did not collect data on order provisions regarding health care and daycare because these lines were usually left blank. Although worksheets often leave lines 8-14 blank, the orders themselves nevertheless may contain provisions for health and daycare, which are written into the text of the order. Some orders provided for the NCP to pay the daycare provider

A Study of Washington State Child Support Orders **Exploring the Universe of Cases within the Context of the Child Support Schedule**

directly, although the worksheet lines were blank. Other orders specified a percentage amount that the NCP was to pay.

Time consuming study of these issues would require examination and coding of the child support order itself as well as the worksheet lines 8-14. These lines provide opportunity to add health and daycare expenses in addition to the basic support obligation, compute shares to be added to each parent's obligation, and then deduct credits for each parent's contribution.

Administrative Orders

Administrative orders presented special problems. In the end, administrative orders received short shrift in this study because of data limitations.

At the time we began work, administrative orders resided in case files of the field office working the case. Imaging was limited to court orders. Imaging of orders had initially begun with Direct Pay and PSO orders. Then it was extended to new IV-D court orders.

Consequently, during the period of coding and data cleaning, we were usually able to examine imaged court orders. This facilitated coding of the Direct Pay orders and some data elements for the PSO orders. It also allowed researchers to examine IV-D court orders when questions arose about the data obtained from the extracts and SSGen database.

But for administrative orders, we relied on cross-matched data from the SSGen SQL database and flatfile extracts of OR screen elements. In case of questions or perceived discrepancies, the DCS researcher was limited to looking up cases on SEMS, especially the OR screen and case comments. This was time consuming and not satisfactory.

DCS has undertaken retrospective imaging of case files, making administrative orders for open cases available. DCS staff can view these imaged orders as they can view court orders. This is a valuable resource that future studies should utilize.

Why should DCS be concerned about administrative orders? There are several reasons. For most purposes, administrative orders have the same standing as court orders. Case records were microfilmed when cases were closed, but some orders were not preserved as microfilmed records. Moreover, administrative orders have been subject to less scrutiny even while cases remain open because of limited access to the orders.

Yet administrative orders comprised about 30 percent of the universe of child support orders entered within the sampling time frame. There were more than twice as many administrative as there were non IV-D direct pay orders.

In this study Stirling determined that "different award-establishment processes are occurring for the Administrative IV-D cases than the other strata." Deviation rates were much lower. Variations showed a different pattern.

A Study of Washington State Child Support Orders **Exploring the Universe of Cases within the Context of the Child Support Schedule**

Administrative orders stand out in several respects. They contain the largest proportion of NCP-mothers. Many of them have non-parental custodians. The most frequently found administrative orders in the sample were classified as administrative default orders, entered without the participation of one party and often based on imputed income. Both parents on these orders have the lowest median income of the four strata (categories).

Administrative orders merit more scrutiny to determine that they are as consistent and reasonable for low-income parents as other categories of orders. These orders are key to the study and improvement of the DCS administrative process, a process very important to accomplishment of child support enforcement.

Studying Child Support Orders

For many years, the emphasis of child support research was on collections. More recently, the link between order-setting and the ensuing collections and debt has become a focus of attention. Studies of the demographics of NCPs have brought to light widespread barriers to collection among them—such as incarceration, reliance on public assistance, disabilities, lack of education and job skills. These studies highlight the importance of appropriate child support orders.

In turn, however, setting accurate orders requires accurate information about income. Economists and sociologists attempt to measure economic well-being of families, in part to assess the adequacy of child support orders and social programs. They, too, however, must rely on accurate information about income, not only for NCPs but for CPs as well.

As this study has demonstrated, using income information from child support orders/worksheets presents challenges. These challenges arise mainly from the interweaving of actual and imputed income on orders. Imputing income has a major impact on the amount of child support that is transferred from the NCP to the CP. Also, by excluding much of the income supports at the low end of the income stratum, the resulting child support obligation is not based on accurate dollar amounts. Imputing income becomes the standard for low-income CPs, which may result in order amounts that are too high or too low.

A Study of Washington State Child Support Orders

Exploring the Universe of Cases within the Context of the Child Support Schedule

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