

## Child Support Receipt and the Quality and Stability of Housing

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### Background

Previous research provides evidence that consistent receipt of child support payments generally increases the regularity of mothers' total family income (Ha, Cancian & Meyer, 2011). But prior work also suggests that custodial parents, particularly those who are low-income, may have difficulty in receiving regular child support payments (Cancian & Meyer, 2006). A variety of factors influence regularity of child support payments, including the consistency of earned income from the noncustodial parent as well as state-level policies such as child support guidelines that consider, to varying degrees, the changing financial situation of the noncustodial parent. Regularity may also be defined in various ways (Ha, Cancian & Meyer, 2011). It may be measured as having received any amount of child support when an amount is owed, or receiving a certain proportion of the amount owed. In addition, some measures of regularity may consider length of regularity. For example, support may be considered regular if a custodial parent receives not only the amount they are owed but they receive this amount regularly over time. Regardless of its measurement, regularity of monthly child support payments may increase a family's ability to make financial plans and may help to smooth out inconsistent income or earnings experienced by a custodial parent (Cancian, Meyer, & Park, 2003).

By allowing a custodial parent to maintain a more consistent income stream, regular child support payments may also be important for maintaining housing stability. Holding constant the amount of support, regular payments may support a custodial parent's ability to maintain stable housing. Housing costs represent a major household expense for families, particularly for low-income households. If consistent income enables custodial parents to better manage housing costs, families receiving regular support may experience less residential mobility relative to families receiving child support more irregularly. Because moving is a disruptive event for families with children, uncertainty about an income stream may mean that families choose lower value housing (because it is, on average, also lower cost housing) that they can maintain stably.

While there is evidence suggesting the importance of child support regularity for single-parent families, very little research has investigated whether regularity may positively influence residential stability and housing quality. One prior study using Australian data, (Walter, Hewitt, Natalier, Wulf & Reynolds, 2010) found a positive, significant relationship between the receipt of child support payments above \$75 per week and improved housing quality, suggesting that both frequency and amount of payment matter. We are aware of no studies examining this relationship using U.S. data. There is, however, a wealth of evidence in the U.S. suggesting that residential mobility is a common event among low-income families (Crowley, 2003; Hartman & Robinson, 2003). It is also clear that moving more than once a year is associated with poor educational and health outcomes for children (Cunningham, Harwood & Hall, 2010). Further, previous research has found worse outcomes for children living in lower-quality

housing relative to children living in higher quality housing (Evans, 2004). Together, previous work on residential stability and housing quality suggest that these housing conditions may have important impacts for children. This study contributes to previous work on child support regularity and housing conditions by examining whether a major income source for many single-parent parent families may positively impact these conditions. Specifically, we examine whether the receipt of regular child support, holding the value of the amount received constant, increases the likelihood that children live in higher quality housing or move less frequently.

## **Data**

We perform our analyses using an original dataset assembled for this study. We constructed this dataset from Wisconsin administrative records combined with information from the Zillow Real Estate Research database and the Department of Housing and Urban Development. Our administrative records include monthly data on child support payments and orders, quarterly earnings data from UI records, and monthly records for participation in SNAP and TANF programs.

Our sample consists of 13,329 custodial mothers who established a new child support order in 2002 that was in force for at least 24 months. We focus on custodial mothers (those with sole or shared physical placement and an order for child support) because they remain the majority of custodial parents in Wisconsin, prior work on the regularity of payments is based on this population (Ha, Cancian & Meyer, 2011), and we also expect that the housing trajectories of custodial fathers may differ in important ways.

We measure child support regularity as the number of months that a custodial mother receives any support and the number of months the custodial mother received support within 25% of the amount that was owed to her. We measure housing stability as the number of moves across zip code recorded in the administrative data. We use these data to construct the total number of moves over the study period as well as an indicator of having moved more than once a year. We measure housing quality using the Zillow Home Value Index (ZHVI), a monthly home sales measure captured at the zip code level that incorporates aspects of the housing market (home, land, prior sales, location, tax assessments) to produce median home values at a particular tier of the market (top, middle, bottom) for homes of a particular size (number of bedrooms) and type (single family/condo). The ZHVI data is collected at the zip code level on a monthly basis. We use the bottom-tier ZHVI for a 2-bedroom home and adjust the index for CPI-U to reflect real changes in value over time. We distinguish between “upward” and “downward” changes in quality associated with a move by measuring standard deviation changes in the ZHVI following a move. As a control variable, we also measure housing costs using Fair Market Rents (FMRs) from the Department of Housing and Urban Development (HUD).

## **Methods**

To examine whether child support regularity decreases the odds of residential mobility, we use a measure of the number of moves that each family experienced annually between

2002-2006. Using two measures of monthly regularity, receiving any child support amount owed and receiving within 25% of the amount owed, we use a pooled OLS regression model to estimate the association between regularity and mobility. To examine the association between monthly child support regularity and housing quality, we construct a measure to represent housing quality change. For each move experienced by the family, we calculate the change in the local housing value as a proxy for change in housing quality. Again, we use a pooled OLS model to estimate whether regularity is associated with changes in housing quality. In each model, we control for characteristics of the mother and family, including the mother's age, number of children, age of youngest child, housing subsidy receipt, the mother's wage earnings, presence of a partner or other adults in the household, participation in SNAP, housing tenure, the FMR in the family's county of residence, the family's mobility history, year fixed effects, and the family's residence in an urban or rural county. Because we are interested in the importance of regular support we control for the payment amount to isolate the independent impact of regularity. Additionally, we include a continuous measure of the length of the child support order to control for the number of months we observe the family's housing situation. To address our use of pooled models, we use robust standard errors clustered by the family.

## Results

Our results indicate that receiving child support within 25% of the order amount between 4-12 months is associated with between a 12% - 10% reduction in the odds that a mother will move more than once compared to receiving support in 1-3 months, all else equal. In terms of the amount of receipt, mothers who received between \$5,000 – 14,999 in annual support have a 30% reduction in the odds that they will move more than once compared to those receiving between \$900 - 1,999 suggesting, as found by Walter et al (2010), that payments equivalent to \$104 or more weekly are associated with housing stability. These results were robust to various specifications of ranges of order amounts. Mothers with moves in prior years were more likely to experience mobility. If a mother reports moving in the prior year, the odds of moving more than once in the current year are increased by 68%. The pattern of the relationship between housing subsidies and instability are similar to our findings in a pooled model examining the number of moves, as housing subsidies reduced the odds of multiple yearly moves by 60%. Mothers who received SNAP have dramatically increased odds, 4 times the likelihood than mothers who did not receive SNAP, of moving more than once a year. Participation in SNAP, as we expected, is a proxy for disadvantage which is strongly associated with residential instability for custodial mothers. Mothers living in an urban county have 30% increased odds of moving more than once in a year.

In our analysis of housing quality, we find that monthly receipt of child support within 25% of the order amount is associated with one standard deviation change (SD ~ \$10,000) in the quality of housing following a move. Specifically, an additional month of child support within 25% of the order amount would be expected to increase .089 of a SD in housing quality, yielding an expected increase in \$890 of housing value for movers. The coefficients for Black and mothers of other races are rather large and negative, suggesting that being non-White is associated with a decrease between .77 and .18 SD in

housing quality or between \$7,700 and \$1,800 in home values following a move. All else equal, receiving SNAP and moving more than once per year both would be expected to decrease .12 and .04 SD in housing quality or between \$1,200 and \$400 in value.

## **Implications**

Given the potentially destabilizing effect of housing instability for children, the relationship between income support and increased stability is an important concern. Despite the lack of research on this topic, it is reasonable to suspect that regular child support may help to prevent residential instability. If custodial mothers are able to rely on the regular receipt of child support payments and the support received is enough to make a substantial contribution to the family's budget, this income source may aid mothers in living in a higher quality home. Further, such regular support may assist mothers in maintaining that home over time and avoid the disruptive experience of moving. Our results provide evidence supporting this hypothesis, as we find that, even controlling for total child support received, increased regularity is associated with decreased housing instability. In addition, we find that increased regularity is associated with living in a higher quality home following a move holding constant several other factors that influence both moving and the segment of the housing market custodial mothers may have access to given income constraints.

We also find evidence of a relationship between regularity and upward mobility or moving to a neighborhood with higher housing values. Our finding that an additional month of child support within 25% of the order amount is associated with \$890 increase in housing value may be substantively meaningful. Increasing child support regularity within 25% of the order amount by several months has the potential to open higher cost housing markets to custodial mothers. Housing values in given neighborhoods are meant to reflect information about not only the amenities in a house but the quality of schools, libraries and other public services owners consider when making location decisions. Nonetheless, this finding should be interpreted cautiously for three reasons. First, our moving measure likely does not adequately capture temporal ordering; second, housing values of owner-occupied homes are an imperfect proxy for quality and third; we only capture across-zip code moves. However, because within-zip code moves are not represented in these data, we are likely underestimating both the occurrence of moves as well as the relationship between regularity and mobility. Despite these limitations, our results hold up to various sensitivity tests using different measures of regularity and consistently suggest a positive association between regularity and housing stability and quality. Thus, our results suggest that not only is there a minimum threshold amount of child support mothers require to support stability but that receiving that amount over at least half the year, rather than in several lump sums, is beneficial for the housing conditions of single parent families.