SELF-EMPLOYMENT AND EARNINGS AMONG UNMARRIED FATHERS: IMPLICATIONS FOR CHILD SUPPORT ENFORCEMENT POLICIES

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September, 1998

Paper to be presented at the International Conference on Self-Employment, Ontario, Canada, September 1998. Financial support was provided by a grant from the Canadian Employment Research Forum. The research assistance of Kiwan Lee is gratefully acknowledged.

INTRODUCTION

Analysts of child support policies in the U.S. have suggested that better enforcement could potentially lift greater numbers of children out of poverty, even children whose fathers have relatively low incomes, are nonresident, and/or are not married to their children's mothers (Miller et al. 1997; Brien and Willis 1997).

This conclusion arises, in part, from the results of research conducted over the past decade which shows that the earnings of unmarried and nonresidential fathers are higher than they are commonly believed to be (Garfinkel and Oellerich 1989; Sorenson 1993; Miller et al. 1997; Brien and Willis 1997). Thus, researchers have concluded that fathers should be able to pay more child support than they do currently. For example, Miller et al. (1997) estimate that the average annual income for never-married fathers aged 17 to 55 in 1990 was $13,621. Using the Wisconsin child support guidelines this implies that, overall, never-married fathers pay only 10 percent of what they could potentially pay.[1] Furthermore, if increases in fathers' earnings over time are taken into account the gap between what fathers pay and what they could potentially pay may be even larger (Brien and Willis 1997).

However, previous estimates of the earnings of unmarried and nonresidential fathers may be biased. They may be biased, first, because there are no nationally representative data on non-resident fathers; as a result, past studies have had to rely on indirect methods to estimate fathers' earnings. More importantly, earlier estimates may be further biased because they are generally based on reports of income which do not take into account earnings from other than regular, paid employment. However, because unmarried fathers come disproportionately from the lower end of the income distribution, it is likely that earnings from "irregular" employment make up a substantial proportion of these father's incomes, and they may thus significantly increase

[1] The authors note, however, that this is due to low award levels and low award rates, as well as low compliance rates.

estimates of these father's total earnings.[2] However, it is important to note that the possibility of higher overall earnings does not suggest that greater enforcement of child support payments is called for. In particular, if a large proportion of fathers' incomes comes from the underground economy, increased enforcement may simply lead to greater participation in the underground and less income overall available to children.

The purpose of this paper is threefold. First, it provides new estimates of regular sector employment and earnings of unmarried fathers. Furthermore, it contrasts the economic status of unmarried fathers who live with their children with those who do not. Second, it presents heretofore unavailable data on irregular sector employment and earnings among unmarried fathers. This allows for an analysis of the extent to which irregular sector earnings increase the total earnings of unmarried fathers. Lastly, the paper considers the implications of these estimates for the ability of unmarried fathers to pay child support and for child support enforcement policies.

This paper uses preliminary data from a new longitudinal survey--the Fragile Families Study--which is designed in part to gather extensive information on the fathers of children born to unmarried mothers. In particular, the survey is designed to measure income from regular as well as irregular sources. As a result, the data obtained from this study will allow for a more accurate estimate of the employment and earnings capabilities of unmarried and/or nonresident fathers in the U.S. Finally, once the follow-up surveys have been conducted researchers will be able to assess the effect of child support enforcement on participation of fathers in the underground economy.

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[2] In this paper "irregular" sources of income will be defined as all activities--legal, quasi-legal and illegal--which take place outside of regular, paid employment, and which generate income, goods and/or services which have value. Such activities might include moonlighting or work done on the side, off-the-books employment, unreported self-employment, such as work done for strangers in exchange for money or goods, or neighbors in exchange for money, goods or a place to stay, trading in stolen goods, selling of illicit drugs, burglary, robbery, or shoplifting, con games and running numbers. Irregular activity will also sometimes be referred to as "underground" activity.

The paper proceeds as follows. The first section discusses the limitations of previous estimates of the earnings of unmarried fathers. The second section provides detailed information on the Fragile Families Study and describes the sample used for the analysis. Section three discusses the methods used for the analysis of the data. Section four presents estimates of the employment and earnings status of the fathers in the sample, while section five provides estimates of fathers' ability to pay child support under the Wisconsin child support statute. Section six summarizes the results and discusses possible implications for child support policies.

PREVIOUS RESEARCH

Phillips and Garfinkel (1993) provide a summary of studies of the employment and income status of divorced/separated and never-married fathers completed prior to the mid-1990's. In the interest of brevity, these studies will not be reviewed here.

Two more recent studies of the employment and/or income status of unmarried fathers that are not covered in Phillips and Garfinkel (1993) are Brien and Willis (1997) and Miller et al. (1997).

Brien and Willis (1997) used data from the National Maternal and Infant Health Survey (NMIHS) in order to identify the likely age, education and marital status group of the partners of women between the ages of 15 and 49 who had a live birth in 1988. This information was combined with data from the National Longitudinal Study of Youth (NLSY) in order to indirectly estimate the potential earnings of the fathers and amount of child support payments they could be expected to make over the first 18 years of their child's life. They concluded that absent fathers are able to provide a "substantial" level of support, even as much as 40% to 50% of the average AFDC benefit received by mothers on public assistance. They argue further that this support could help alleviate the high level of poverty among mother-only families receiving public assistance.

However, the estimates contained in this study are likely to be biased for several reasons. First, the NMIHS contains limited demographic information on mothers and the fathers of their children; thus only a rough match can be made between mother's and father's characteristics. Second, as the authors acknowledge, it is well known that many men in the NLSY do not report the births of all of their children, especially if the fathers are not married (Mott 1985). Thus, the fathers in the NLSY that do report births may be unrepresentative of all fathers; in particular, those that report births may have higher earnings and may be more likely to be in contact with their children.

Finally, the NLSY asks respondents to distinguish between regular jobs (defined as "jobs done on a more or less regular basis") and odd jobs (defined as "work done from time to time, like occasional lawn mowing"). Given the wording of these questions, it is probably unlikely that men engaged in informal and/or illegal work would report such employment under either category. Furthermore, even if informal work was reported under the category of odd jobs, the NLSY only asks for detailed information on regular jobs. Thus, it is not possible to determine how many hours individuals spent employed in odd jobs or the level of income they obtained from such jobs.

Miller et al. (1997) also employ an indirect method to estimate the earnings of divorced/separated and never-married fathers. Specifically, they estimate an earnings equation for a sample of never-married men ages 17 to 55 from the 1989 Current Population Survey (CPS). They use the coefficients obtained from this equation, along with data on never-married women eligible to receive child support from the 1990 CPS-Child Support Supplement, to predict the income of absent fathers. Finally, after applying the Wisconsin child support guidelines to their earnings estimates, they conclude that never-married non-custodial fathers pay only 10 percent of what they could potentially pay.

As with Brien and Willis (1997), however, the necessity of using an indirect method to estimate the earnings of never-married fathers results in several possible sources of bias. First, the 1990 Child Support Supplement survey of custodial mothers did not collect information about the absent fathers. Thus, Miller et al. must make a number of assumptions in order to "assign" father's characteristics to each custodial mother. Most notably, they assume that no absent fathers have been incarcerated or have died without the knowledge of the custodial mothers; as the authors acknowledge, this will lead to an overestimate of the incomes of young black men.[3] Secondly, as in the NLSY, never married fathers in the CPS probably underreport births.

Finally, the CPS may pick up informal and/or illegal activity since it asks whether subjects did "any work at all last week, not counting work around the house" (McDonald, 1984). However, there are two major impediments to using the information generated by this question to estimate the amount of underground work. First, there are no questions in the CPS about the legality of individual's work or whether payment for work was received "under-the-table". In addition, and just as important, individual members in each household are not queried directly about their employment status. Instead, the "head" of the household is asked to report on the work activity of each member. Thus, to the extent that young men tend to reside with female relatives or girlfriends (who may report themselves as the heads), and to the extent that the "work" in which young men are engaged is not recognized as such by the head of household, informal and/or illegal work will not be reported.

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[3] Other important assumptions include the following: 1) The father is the same race/ethnicity as the mother, is 2.66 years older than the mother, and has .126 more years of schooling than the mother; 2) the marital status of the custodial mother is the same as that of the father (due to assortative mating); and 3) net of demographic characteristics, there are no earnings differences between never married fathers and never married men who have not fathered children. The latter assumption is tempered by the fact that Miller et al. adjust their earnings estimates for never married fathers downward by using the coefficient on fatherhood status from an earnings equation for never married men. However, the earnings equation does not control for the possibility that the likelihood that a man reports a birth is correlated with some unobservable aspect of his earnings capacity.

In conclusion, it is important to note that the biases identified above operate in different directions; therefore it is difficult to determine, a priori, whether the estimates are over- or under-estimates, or how seriously they are biased. However, estimates obtained from nationally representative data on unmarried fathers could be used to shed light on the overall direction and severity of the biases.

DATA

Data for this analysis is taken from the recently commenced Fragile Families Study[4], which will follow a new birth cohort of children born in 20 large American cities stratified by different labor market conditions and varying welfare and child support policy regimes.[5] The study is designed to provide previously unavailable information on: (1) the economic and social conditions of unwed fathers and mothers, (2) relationships between parents and between parents and children, (3) factors that encourage and discourage fathers' involvement in their children's lives, (4) child health and development in fragile families, and (5) the role of government and community programs in promoting good parenting and healthy child development.

When the study is completed, the sample will be representative of all nonmarital births in cities with populations of 200,000 or more. Within eight cities, 250 nonmarital births will be sampled from up to sixteen hospitals. An additional 75 marital births from the same hospitals will be sampled to serve as a matched control group. In the remaining cities, 75 nonmarital and 25 marital births will be sampled from up to five hospitals. Hospitals will be selected by sorting

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[4] The Fragile Families Study has been designed and pretested by the principal investigators, Sara McLanahan of Princeton University and Irwin Garkinkel of Columbia University. Jeanne Brooks-Gunn (Columbia University) and Marta Tienda (Princeton University) are co-investigators, along with a network of junior scholars including the author, Sheila Ards (Benedict College), Waldo Johnson (University of Chicago), Mark Turner (Urban Institute), Maureen Waller (Public Policy Institute of California), and Melvin Wilson (University of Virginia).

[5] The cities are: Austin, Texas; Baltimore, Maryland; Birmingham, Alabama; Boston, Massachusetts; Chicago, Illinois; Corpus Christi, Texas; Detroit, Michigan; Indianapolis, Indiana; Jacksonville, Florida; Nashville, Tennessee; New York City; Newark, New Jersey; Oakland, California; Philadelphia, Pennsylvania; Pittsburgh, Pennsylvania; Richmond, Virginia; San Antonio, Texas; Santa Ana, California; Toledo, Ohio; Virginia Beach/Norfolk, Virginia.

them by area of the city and making the selection probability for each hospital proportional to the number of births expected there.

In the study mothers are approached and interviewed in the hospital within 24 hours after they have given birth. Fathers are interviewed either at the hospital or outside the hospital as soon as possible after the birth. Follow-up interviews with both parents will be conducted when the child is 12, 24, 36 and 48 months old.

This paper is based on data collected from the first two cities in the study: Oakland, California and Austin, Texas. This data was collected over a three month period beginning in the spring of 1998. A total of 650 mothers were approached in selected hospitals in these cities. Mothers were deemed eligible to participate in the study if they were over the age of fifteen. Of the 650 mothers who were approached, 618 (or 95%) agreed to participate.

Interviewers also approached and interviewed fathers when they were present at the hospital; fathers not present at the hospital were located using contact information provided by mothers who agreed to participate in the study. Of the 618 women who agreed to participate in the study, 477 (or 77%) of their partners were contacted and agreed to be interviewed. These men form the primary sample for the analyses to follow: 169 are Black, 205 are Hispanic and 103 are non-Black, non-Hispanic.

Table 1 provides additional demographic information on the fathers in the sample, broken down by race/ethnicity. Overall, approximately 30% of the fathers were married at the time of the interview. However, there were wide variations in marital status across the different racial/ethnic groups; almost half of non-Black, non-Hispanic fathers were married, versus only 32 and 15 percent of Hispanic and Black fathers, respectively. Also, non-Black, non-Hispanic fathers were significantly less likely to be under the age of 24 and significantly more likely to be over the age of 30. Finally, there were wide differences in educational attainment across the groups. Hispanic fathers were significantly more likely to be high school dropouts, while non-

Black, non-Hispanic fathers were more likely to be college graduates. Since marital status, age and education have been shown to be significantly related to employment and income status, these statistics suggest that Black and Hispanic fathers may be significantly disadvantaged relative to their non-Black, non-Hispanic counterparts.

METHODS

The analysis first considers the employment status of the fathers in the sample. This provides an initial assessment of the economic status of the fathers. Because previous research suggests that employment status among men varies considerably depending on racial and marital status the results are broken down by race/ethnicity and by relationship status; however, due to the size of the sample, there aren't enough observations to conduct separate analyses by relationship status for each race/ethnic group. To be consistent with previous research, relationship status is first broken down between married and unmarried; then, unmarried status is further broken down into cohabiting, romantic but not cohabiting, and other (includes unknown relationship status) in order to determine if cohabiting fathers look more like married or non-cohabiting fathers.

The employment status computations are based on the following questions: 1) "Last week, did you do any regular work for pay" and 2) "Are you currently looking for a regular job"? If respondents answered yes to the first question they were coded as being employed. If respondents answered no to the first question and yes to the second they were coded as being unemployed.[6] Finally, respondents who replied no to the first question and no to the second were coded as being out of the labor force.

Relationship status for unmarried fathers was determined by the answer to the question: "Which of the following statements best describes your current relationship with the baby's

[6]Note that this definition of unemployment is less restrictive than that employed for the Current Population Survey conducted by the Bureau of Labor Statistics. In particular, the CPS counts individuals as being unemployed only if they reported looking for work for the four weeks prior to the CPS interview.

mother?" Possible responses were: 1) we are romantically involved on a steady basis, 2) we are involved in an on-again and off-again relationship, 3) we are just friends, 4) we hardly ever talk to each other, and 5) we never talk to each other. Respondents who chose categories 1) or 2) were coded as being involved in a romantic relationship and were also asked whether they were cohabiting with the mother of the baby. The responses to both of these questions were used to code each father as cohabiting, romantically involved but not cohabiting, and other/unknown relationship.

The analysis then moves on to examine employment statistics--average hours worked per week, average hourly wage and availability of health insurance--for those fathers who were currently employed or who had held a regular job in the past lasting at least two consecutive weeks (hereafter referred to as "recently" employed). This allows for a further assessment of the economic status of fathers, particularly intensity of employment in the regular sector and availability of benefits. Again, because these statistics may vary significantly by race and marital status results are broken down by race/ethnicity and relationship status.

Then, in order to assess the degree of employment stability, the analysis considers the amount of employment and earnings of fathers in the regular sector over the past twelve months. These computations are based on answers provided to the questions: 1) "Some people work more than one job. About how much did you earn from all of your regular jobs in the last 12 months? Please do not count earnings from any off-the-books or under-the-table jobs"; 2) "In the last 12 months, how many weeks did you spend working at your regular jobs"; and 3) "When you were working at these jobs, about how many hours per week did you usually work"? Fathers were coded as having been employed in the regular sector if they provided an estimate of their earnings. To estimate earnings, fathers were asked to indicate in which of nine income ranges

their earnings fell.[7] Then, average income was calculated by assigning fathers the mid-point of their chosen income range.

Subsequently, the analysis considers earnings arising from involvement in the irregular, or underground, economy. The data on which this analysis is based is an innovation of the Fragile Families Study, as there are very few micro-level surveys of individuals' involvement in the underground economy. This portion of the analysis is based on answers to the question: "We are interested in finding out about some ways, other than regular work, in which people make a living. Please indicate whether, in the last twelve months, you engaged in any of the following activities in order to generate income or in exchange for meals, clothing, a place to live, or other basic necessities: a) Off-the-books or under-the-table work, such as household maintenance/repairs, providing transportation or other personal services, or selling personal property, b) Work in your own business (excluding activity already reported in a)), c) Selling stolen goods, selling or delivering drugs, or other hustles, or d) other." In addition, respondents who indicated they engaged in any of these activities were asked to report the number of weeks in the past twelve months they engaged in the activity, the number of hours per week they spent on the activity, and the amount they earned from each activity.

Finally, the Wisconsin child support statute is applied to the regular and irregular sector earnings estimates in order to calculate potential child support payments for the unmarried fathers in the sample. The Wisconsin statute requires that a father with one child pay 17% of his income as child support. If the father has two children then the obligation toward each child is 12.5% of his income. With three children the obligation is 9.7% per child, while with four it is 7.75%.

RESULTS

[7] The income ranges were as follows: 1) under $5,000 2) $5,000 to $9,999 3) $10,000 to $14,999 4) $15,000 to $19,999 5) $20,000 to $24,999 6) $25,000 to $34,999 7) $35,000 to $49,999 8) $50,000 to $74,999 and 9) greater than $75,000.

Table 2 presents statistics on the employment status of the fathers in the sample, broken down by race and ethnicity. Overall, the vast majority (almost 83 percent) of the fathers were employed in a regular job in the week prior to the interview. However, consistent with previous research on racial differences in employment, Black fathers were significantly less likely to be employed; only 69 percent of Black fathers were employed, compared to 92 and 87 percent, respectively, of Hispanic and non-Hispanic, non-Black fathers. The lower employment rates for Black fathers relative to non-Black, non-Hispanic fathers are consistent with their lower marriage rate, younger age, and lower levels of education. However, these factors cannot explain their lower employment rates relative to the Hispanic fathers in the sample, the latter of whom are younger, and have lower educational levels, relative to Black fathers.[8]

Table 3 shows the employment status of fathers broken down by relationship status. Consistent with previous research on the relationship between marital and employment status among men (Korenman and Neumark 1991), it shows that married fathers were significantly more likely to be employed than unmarried fathers; 94 percent of married fathers were employed versus 78 percent of unmarried fathers. However, Table 3 also shows that fathers who were living with their child's mother at the time of the birth/interview reported employment rates closer to those of married fathers and significantly higher than those of other fathers; 82 percent of cohabiting fathers were currently employed versus approximately 70 percent of the other two groups of unmarried fathers.

In order to provide a fuller understanding of the economic position of fathers, Table 4 presents employment statistics--average hours worked per week, average hourly wage and availability of health insurance--for currently or recently employed fathers, broken down by race/ethnicity. Overall, 459 (or 96 percent) of the fathers provided information on hours worked

[8] It should be noted that the majority of the Black fathers who were not employed in the week prior to the survey did have recent work experience; 22 percent had last worked sometime in 1998 and 46 percent had last worked in 1997.

per week, 430 (or 90 percent) provided information on the hourly wage, and 230 (or 48 percent) provided information on whether they had health insurance. Table 4 shows that hours worked per week for all fathers was high; on average, fathers reported that they worked 43 hours per week. Furthermore, non-Black, non-Hispanic fathers worked more hours on average than Black fathers.

Overall, the level of wages earned by the fathers in the sample (approximately $12 per hour) are modest. To put this wage into perspective, if a father worked full-time (40 hours) and full-year (52 weeks) at this wage his annual earnings would be $24,378. Also, consistent with previous research, non-Black, non-Hispanic fathers had higher wages than Black or Hispanic fathers; on average, the wages of non-Black, non-Hispanic fathers were 53 percent higher than those of Black and Hispanic fathers. This is consistent, in part, with the fact that the non-Black, non-Hispanic fathers are older, more likely to be married, and possess higher levels of education.[9] Finally, Table 4 shows that only 50 percent of fathers who answered the health insurance question had health insurance. Furthermore, there are wide disparities by race/ethnicity in the availability of health insurance at work; 63 percent of non-Hispanic, non-Black fathers reported having health insurance versus 52 and 42 percent, respectively, of Black and Hispanic fathers.

Table 5 shows employment statistics for currently or recently employed fathers, broken down by relationship status. It shows that married fathers worked more hours per week, had a higher hourly wage and were more likely than unmarried fathers to have health insurance.[10] However, it also shows that on two measures--hours worked per week and hourly wage--fathers

[9] If Black and Hispanic fathers worked full-time (40 hours), full-year (52 weeks) their annual earnings would total $21,840; if non-Black, non-Hispanic fathers worked full-time, full-year their annual earnings would total $33,467.

[10] Given the wages reported in Table 5, married fathers would earn $28,912 if they worked full-time, full-year; while unmarried fathers would earn $22,469.

who were living with their children's mothers were more like married fathers than like fathers in romantic relationships but not cohabiting.

Further evidence of employment stability and attachment to the mainstream labor market is provided by considering total earnings and hours of work in the regular sector during the past twelve months. Table 6 shows that the vast majority of fathers in the sample (89 percent) reported some regular sector earnings. However, consistent with other results reported above (and to the extent that employment in the regular sector constitutes an economic advantage), non-Black, non-Hispanic and married fathers were more likely than Black, Hispanic and unmarried fathers to report regular sector earnings. In particular, the percentage of non-Black, non-Hispanic fathers who reported regular sector income was almost ten percentage points higher than the percentage of Black fathers who reported regular sector employment. Also, consistent with other results, cohabiting fathers were significantly more likely than romantically involved but non-cohabiting fathers to report regular sector employment.

Tables 6 and 7 also show employment statistics--average weeks worked, hours worked per week and earnings--for fathers who reported regular sector employment, broken down by race/ethnicity (Table 6) and by relationship status (Table 7). Overall, fathers worked an average of 43.4 weeks in the regular sector during the twelve months preceding the survey, with non-Black, non-Hispanic fathers working significantly more than Black fathers (45.3 versus 40.3 weeks) and married fathers working significantly more than unmarried fathers (47.1 versus 41.7 weeks). In addition, average hours worked per week were high; among all race/ethnic groups average hours worked per week exceeded 40. Non-Black, non-Hispanic fathers worked the most hours per week (46); this was significantly higher than the hours worked by Black and Hispanic fathers. Finally, with the exception of those in the "other" unmarried category , weekly hours exceeded 40 for fathers in all relationship status groups.

Overall, fathers who reported working in the regular sector earned an average of almost $20,000. However, there were substantial and significant differences between Black/Hispanic and non-Hispanic, non-Black fathers, on the one hand, and between married and unmarried fathers on the other. Consistent with the hourly wage differences reported in Table 3, and the hours worked differences reported above, non-Black, non-Hispanic fathers earned 122 percent more than Black and Hispanic fathers. Similarly, married fathers earned 105 percent more than unmarried fathers. Finally, cohabiting fathers earned significantly more than romantically involved but non-cohabiting fathers, although the difference was not substantive.

It should be noted that the earnings figure of $14,813 for unmarried fathers is within the range of those calculated by previous studies. However, this figure, along with those from previous studies, does not include earnings from sources other than regular, paid employment. Thus, it excludes the irregular sector earnings of those fathers who combine regular and irregular sector work, and excludes altogether the earnings of fathers who work only in the irregular sector.

Tables 8 and 9 report the percentages of fathers who report 1) regular work only 2) irregular work only 3) both regular and irregular work and 4) none of the above, broken down by race/ethnicity (Table 8) and relationship status (Table 9). These tables show that, overall, almost 29 percent of the fathers in the sample reported some irregular sector earnings. Furthermore, the vast majority of these fathers (90 percent) combined regular sector employment with irregular sector employment. This suggests that earnings estimates based on regular sector earnings only may underestimate the total earnings of unmarried fathers.

Table 8 also shows that there were significant racial/ethnic differences in participation in the irregular sector. In particular, the percentage of Black fathers engaged in irregular sector work was about ten percentage points higher than the percentage of either Hispanic or non-Black, non-Hispanic fathers engaged in irregular sector work. Also, a higher percentage of Black

fathers were engaged in irregular sector work only (4 percent, compared to 2.4 and 1.0 percent for Hispanic and non-Hispanic, non-Black fathers, respectively). Table 9 shows that there were also significant differences between married and unmarried fathers in rates of participation in the irregular sector; the percentage of married fathers reporting irregular sector activity was almost ten percentage points lower than the percentage of unmarried fathers reporting irregular sector activity. Finally, there appears to be little difference between cohabiting and romantically involved/non-cohabiting fathers; cohabiting fathers are only slightly more likely to report regular sector employment only.

The remainder of the analysis focuses on fathers with either regular sector employment only, or both regular and irregular activity; because of the small number of fathers reporting irregular activity only it is difficult to draw conclusions about the economic status of such fathers.

Table 10a provides more detail on underground activity among fathers who combined regular and irregular sector work . It shows that 78 percent of the fathers who combined regular and irregular sector work reported off the books employment.[11] In addition, 15, 11 and 11 percent reported work in their own business, hustles and "other" underground work, respectively.[12,13]

Most importantly, Table 10a shows that the irregular sector activity of fathers who combined regular and irregular work was a significant component of their overall activity. Among fathers who reported both irregular and regular weeks worked, the average irregular

[11] The question which was used to generate this information does not ask fathers to specify the type of off-the-books work in which they were engaged. Hence, it is possible that some off-the-books work was done for a father's regular employer. However, data from a pilot study conducted prior to the Fragile Families study indicate that most of the work reported as off the books is most likely to be informal self-employment.
[12] Because some fathers indicated more than one type of underground activity the percentages reported here total more than 100.
[13] Types of own businesses specified include detailing, recording studio, gardening, painting, Amway, corporate training, law practice, iron work and general contracting. Activities reported under "other" include: in-home care, household maintenance and repairs, cutting hair, bookkeeping for relatives, musician, temp service, gambling, selling of blood plasma, and training for martial arts competitions.

weeks worked amounted to 45 percent of the total amount of regular weeks worked (19 versus 42 weeks). Similarly, while these fathers worked an average of 43 hours per week in the regular sector they also worked an average of 23 hours per week in the irregular sector. Finally, overall, these fathers earned an average of almost $3,900 from irregular sector activity. Thus, through irregular sector activity, these fathers were able to increase their total earnings by 22 percent.

Table 10b shows employment statistics for fathers who reported regular sector activity only. Together, Tables 10a and 10b allow for a comparison of hours/weeks worked and earnings among fathers employed in the regular sector only and fathers who combined both regular and irregular sector work. Comparing regular sector employment statistics only for both sets of fathers shows that fathers who worked in the regular sector exclusively had higher earnings and worked more weeks than fathers who combined regular and irregular sector employment (but average number of hours worked per week were similar). However, once irregular sector activity is taken into account, the total annual hours worked[14] by fathers who combine regular and irregular employment rise by 24 percent; in addition, as noted above, total earnings rise by 22 percent. Thus, as a result, fathers who combine regular and irregular employment work more annual hours on average (2,180 versus 1,909) and have somewhat higher earnings ($21,796 versus $20,586) than fathers with regular employment only.

Tables 11a and 11b repeat the information found in tables 10a and 10b for unmarried fathers only. Table 11a shows that, as for fathers overall, the irregular sector activity of unmarried fathers who combined regular and irregular work was an important part of their overall activity. For example, among unmarried fathers who reported both their irregular and regular weeks worked, the average irregular weeks worked amounted to 40 percent of the total amount of regular weeks worked (16.2 versus 40.5 weeks). Most importantly, through irregular sector activity, these fathers were able to increase their total earnings by almost 26 percent.

Finally, comparing tables 11a and 11b shows that unmarried fathers who combine work in the regular and irregular sectors work more annual hours than unmarried fathers who report working in the regular sector only (2,040 versus 1,840 hours). However, unlike fathers overall, unmarried fathers who combine regular and irregular sector work are not able to earn as much as unmarried fathers who work in the regular sector only; the former earn $13,699 on average while the latter earn $15,837.

UNMARRIED FATHERS ABILITY TO PAY CHILD SUPPORT

The Wisconsin child support statute was used to calculate potential child support payments of the unmarried fathers in the sample. This statute requires that a father with one child pay 17% of his income as child support. If the father has two children then the obligation toward each child is 12.5% of his income. With three children the obligation is 9.7% per child, while with four it is 7.75%.

When these guidelines are applied to regular sector income only for the unmarried fathers in this sample the average potential payment is $2,422. When irregular sector income is taken into account the potential payment increases by almost 30 percent, to $3,138. On a per child basis, the average potential payment using regular sector income only is $1,420. When irregular sector income is taken into account the average potential payment per child increases by 24 percent, to $1,766.

SUMMARY AND IMPLICATIONS FOR CHILD SUPPORT ENFORCEMENT POLICY

The previous analysis shows that, for a sample of unmarried fathers from Oakland, California and Austin, Texas, estimates of earnings from regular, paid employment are within the range of estimates calculated through indirect methods. In addition, the analysis reveals that a substantial proportion (27 percent) of unmarried fathers also obtain income from the irregular sector. When this activity is taken into account, the estimated earnings of unmarried fathers

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[14] This number is calculated by multiplying hours worked per week times weeks worked in the past twelve

increase by 26 percent. As a result, estimated total potential child support payments using the Wisconsin guidelines rise by almost 30 percent.

This suggests that unmarried fathers are able to pay significantly more than they currently pay in child support, and that better enforcement may increase the economic well-being of these fathers' children. However, since employment in the irregular sector can be used to hide income, additional research is needed to determine how child support enforcement affects fathers' decisions about whether and how much to participate in irregular sector activity. If more aggressive enforcement, for example, encourages fathers to work more hours in the underground then such policies may ultimately be counterproductive.

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Table 1: Sample Characteristics

(N=477)

	Black	Hispanic	Non-Black/Non-Hispanic	Total
Relationship Status				
Married	15.4%	31.7%	49.5%	29.8%
Cohabiting	42.6%	48.8%	35.0%	43.6%
Romantic, not Cohabiting	26.0%	11.2%	8.7%	15.9%
Other	16.0%	8.3%	6.8%	10.7%
Age				
<18	1.2%	0.0%	1.0%	0.6%
18-24	30.2%	37.1%	14.6%	29.8%
24-30	30.2%	36.1%	30.1%	32.7%
>30	38.5%	26.8%	54.4%	36.9%
Education				
Less than High School	28.4%	66.3%	16.5%	42.2%
High School Diploma/GED	26.6%	13.7%	13.6%	18.3%
Some College	40.8%	17.1%	35.0%	29.4%
College Graduate	4.1%	2.4%	35.0%	10.1%
Education Missing	0.0%	0.5%	0.0%	0.2%

Table 2: Employment Status of Fathers, by Race/Ethnicity

Race/Ethnicity	Employment Status			
	% Currently Employed (N)	% Unemployed (N)	% Out of Labor Force (N)	Total (N)
Black	***69.28%*** (115)	***21.08%*** (35)	***9.64%*** (16)	(166)
Hispanic	***91.58%*** (185)	***5.45%*** (11)	***2.97%*** (6)	(202)
Non-Black/Non-Hispanic	***87.38%*** (90)	***9.71%*** (10)	***2.91%*** (3)	(103)
Total	***82.80%*** (390)	***11.89%*** (56)	***5.31%*** (25)	(471)

Note:

1) Six fathers of the 477 fathers interviewed did not answer the question about current employment status.

Table 3: Employment Status of Fathers, by Relationship Status

	Employment Status			
Relationship	**% Currently Employed (N)**	**% Unemployed (N)**	**% Out of Labor Force (N)**	**Total (N)**
Married	***94.3%*** (133)	***2.1%*** (3)	***3.5%*** (5)	(141)
Unmarried	***77.9%*** (257)	***16.1%*** (53)	***6.1%*** (20)	(330)
Cohabiting	***82.5%*** (170)	***13.6%*** (28)	***3.9%*** (8)	(206)
Romantic, not Cohabiting	***70.7%*** (53)	***17.3%*** (13)	***12.0%*** (9)	(75)
Other	***69.4%*** (34)	***24.5%*** (12)	***6.1%*** (3)	(49)
Total	***82.8%*** (390)	***11.9%*** (56)	***5.3%*** (25)	(471)

Table 4: Employment Statistics For Currently or Recently Employed Fathers, by Race/Ethnicity

	Employment Statistics		
	Average Hours Worked per Week (hours) (N)	**Average Hourly Wage (dollars/hour)** (N)	**Percent with Health Insurance** (N)
Race/Ethnicity			
Black	**40.2** (158)	**10.13** (144)	**51.9%** (82)
Hispanic	**43.3** (201)	**10.78** (192)	**42.3%** (85)
Non-Black/Non-Hispanic	**46.5** (100)	**16.09** (94)	**63.0%** (63)
Total	**42.9** (459)	**11.72** (430)	**50.1%** (230)

Table 5: Employment Statistics For Currently or Recently Employed Fathers, by Relationship Status

	Employment Statistics		
	Average Hours Worked per Week (hours) (N)	**Average Hourly Wage (dollars/hour)** (N)	**Percent with Health Insurance** (N)
Relationship			
Married	**45.8** (139)	**13.90** (128)	**64.0%** (89)
Unmarried	**41.7** (320)	**10.80** (302)	**44.1%** (104)
Cohabiting	**42.8** (203)	**11.39** (195)	**42.9%** (87)
Romantic, not Cohabiting	**37.9** (71)	**9.37** (64)	**52.1%** (37)
Other	**42.6**	**10.27**	**37.0%**
Total	**42.9** (459)	**11.72** (430)	**50.1%** (230)

Table 6: Employment Statistics for Fathers Reporting Regular Earnings in Last 12 Months, by Race/Ethnicity

	Employment Statistics			
	Percent of Fathers Reporting Regular Earnings (percent) (N)	**Average Earnings (dollars)** (N)	**Average Weeks Worked** (N)	**Average Hours Worked per Week** (N)
Race/Ethnicity				
Black	**85.8%** (145)	**15,828** (145)	**40.3** (125)	**40.8** (124)
Hispanic	**89.3%** (183)	**14,945** (183)	**44.7** (154)	**42.7** (154)
Non-Black/Non-Hispanic	**95.2%** (98)	**34,082** (98)	**45.3** (95)	**46.0** (91)
Total	**89.3%** (426)	**19,648** (426)	**43.4** (374)	**42.9** (369)

Note:

1) 426 out of 477 fathers reported their regular sector earnings from the past 12 months.

Table 7: Employment Statistics for Fathers Who Report Regular Earnings in Last 12 Months, by Relationship Status

	Employment Statistics			
	Percent of Fathers Reporting Regular Earnings (percent) (N)	**Average Earnings (dollars)** (N)	**Average Weeks Worked** (N)	**Average Hours Worked per Week** (N)
Relationship				
Married	**93.0%** (132)	**30,417** (132)	**47.1** (118)	**45.0** (115)
Unmarried	**87.8%** (294)	**14,813** (294)	**41.7** (256)	**41.9** (254)
Cohabiting	**89.4%** (186)	**15,336** (186)	**42.5** (179)	**42.5** (178)
Romantic, not Cohabiting	**82.9%** (63)	**13,294** (63)	**40.2** (58)	**39.5** (57)
Other	**88.2%** (45)	**14,778** (16)	**38.7** (19)	**44.0** (19)
Total	**89.3%** (426)	**19,648** (426)	**43.4** (374)	**42.9** (369)

Table 8: Regular and Irregular Sector Work Activity, by Race/Ethnicity

	Regular/Irregular Activity				
	Regular Work Only	**Irregular Work Only**	**Both**	**Unknown/No Work**	**Total**
Race/Ethnicity					
Black	**55.03%** (93)	**4.14%** (7)	**30.77%** (52)	**10.06%** (17)	**100.00%** (169)
Hispanic	**66.83%** (137)	**2.44%** (5)	**22.44%** (46)	**8.29%** (17)	**100.00%** (205)
Non-Black/Non-Hispanic	**70.87%** (73)	**0.97%** (1)	**24.27%** (25)	**3.88%** (4)	**100.00%** (103)
Total	**63.52%** (303)	**2.73%** (13)	**25.79%** (123)	**7.97%** (38)	**100.00%** (477)

Table 9: Regular and Irregular Sector Work Activity, by Relationship Status

	Regular/Irregular Activity				
	Regular Work Only	**Irregular Work Only**	**Both**	**Unknown/No Work**	**Total**
Relationship					
Married	**71.13%**	**0.00%**	**21.83%**	**7.04%**	
	(101)	(0)	(31)	(10)	(142)
Unmarried	**60.30%**	**3.88%**	**27.46%**	**8.36%**	
	(202)	(13)	(92)	(28)	(335)
Cohabiting	**62.98%**	**3.37%**	**26.44%**	**7.21%**	
	(131)	(7)	(55)	(15)	(208)
Romantic, not Cohabiting	**59.21%**	**5.26%**	**23.68%**	**11.84%**	
	(45)	(4)	(18)	(9)	(76)
Other	**50.98%**	**3.92%**	**37.25%**	**7.84%**	
	(26)	(2)	(19)	(4)	(51)
Total	**63.52%**	**2.73%**	**25.79%**	**7.97%**	
	(303)	(13)	(123)	(38)	(477)

Table 10a: Employment Statistics for Fathers with Regular and Irregular Sector Activity

(N=123)

	Irregular Sector Activity, by type						Regular Sector Activity	
					Irregular Total			
	Off the Books	Work in Own Business	Hustles	Other	All Fathers	Fathers Reporting Reg. & Irreg. Figures	All Fathers	Fathers Reporting Reg. & Irreg. Figures
Percent Reporting Activity	**78.05%** (96)	**15.45%** (19)	**11.38%** (14)	**10.57%** (13)	**100.00%** (123)	**N/A**	**100.00%** (123)	**N/A**
Average Weeks Worked	**13.89** (91)	**29.19** (16)	**22.42** (12)	**22.00** (10)	**19.30** (115)	**18.75** (98)	**40.56** (104)	**41.64** (98)
Average Number of Hours per Week Worked	**16.36** (90)	**30.29** (17)	**41.50** (12)	**17.10** (10)	**23.10** (115)	**22.55** (97)	**42.75** (102)	**42.96** (97)
Average Earnings	**3,086** (67)	**8,500** (12)	**4,300** (10)	**3,964** (7)	**4,465** (85)	**3,895** (81)	**17,337** (123)	**17,901** (81)

Table 10b: Employment Statistics for Fathers with Regular Sector Activity Only (N=303)

	Employment Statistics
Average Earnings	**20,586** (303)
Average Weeks Worked	**44.46** (270)
Average Number of Hours per Week Worked	**42.93** (267)

Table 11a: Employment Statistics for Unmarried Fathers with Regular and Irregular Sector Activity
(N=92)

	Irregular Activity		Regular Activity	
	All Fathers	Fathers Reporting Reg. & Irreg. Figures	All Fathers	Fathers Reporting Reg. & Irreg. Figures
Average Weeks Worked	**17.9**	**16.2**	**40.0**	**40.5**
	(84)	(74)	(77)	(74)
Average Number of Hours per Week Worked	**23.4**	**21.9**	**42.4**	**42.0**
	(85)	(72)	(75)	(72)
Average Earnings	**2,809**	**2,809**	**12,391**	**10,890**
	(59)	(59)	(92)	(59)

Table 11b: Employment Statistics for Unmarried Fathers with Regular Sector Activity Only (N=200)

	Employment Statistics
Average Weeks Worked	**43.4** (173)
Average Number of Hours per Week	**42.4** (174)
Average Earnings	**15,837** (200)