

Review of the New Mexico Child Support Guidelines:

Preliminary Findings from the
Analysis of Case File Data and
Labor Market Data

Submitted to:

New Mexico

**Human Services Department
Child Support Enforcement Division**

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Points of view expressed in this document are those of the authors and do not necessarily represent the official position of the State or Commission reviewing the child support guidelines. The authors are responsible for any errors and omissions.

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SECTION 2 FINDINGS FROM THE DATA ANALYSIS

This section is a draft of a section of the final report. The final report will also include the economic analysis of the cost of raising children and an updated schedule. This section documents the findings from the data analysis required by federal regulation. (Exhibit 1 shows the federal requirements.) The findings from the analysis are organized by data source: case file data; and labor market and other data.

Exhibit 1: Federal Requirement to Analyze Case File Data and Labor Market Data

45 C.F.R § 302.56

(h) As part of the review of a State's child support guidelines required under paragraph (e) of this section, a State must:

- (1) Consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parties who have family incomes below 200 percent of the Federal poverty level, and factors that influence employment rates among noncustodial parties and compliance with child support orders;
- (2) Analyze case data, gathered through sampling or other methods, on the application of and deviations from the child support guidelines, as well as the rates of default and imputed child support orders and orders determined using the low-income adjustment required under paragraph (c)(1)(ii) of this section. The analysis must also include a comparison of payments on child support orders by case characteristics, including whether the order was entered by default, based on imputed income, or determined using the low-income adjustment required under paragraph (c)(1)(ii). The analysis of the data must be used in the State's review of the child support guidelines to ensure that deviations from the guidelines are limited and guideline amounts are appropriate based on criteria established by the State under paragraph (g); ...

FINDINGS FROM THE ANALYSIS OF CASE FILE DATA

Federal regulation (45 C.F.R. 302.56(g)) requires the analysis of data as part of a state's guidelines review. Case file data are used to measure or estimate the following federal data analysis requirements:

- The application of the guidelines and deviation from the guidelines;
- The frequency of defaults, income imputation, and application of the low-income adjustment; and,
- Payment data by defaults, income imputation, and application of the low-income adjustment.

The federal data analysis requirements aim to develop better child support policies; specifically, the findings from the analysis of guidelines deviations can inform the state how to meet the federally-established goal of limiting the number of deviations; the findings from the analysis of income imputation can be used to find ways to encourage the use of actual income to the extent feasible; the findings from the analysis of defaults can be used to find ways to encourage parent engagement; and, the analysis of the findings from the low-income adjustment can inform appropriate and just improvements to the adjustment. The intent is to set orders that can be paid in full so low-income families receive regular child support and to avoid punitive enforcement actions (e.g., driver's license suspension) that can indirectly create other issues. In other words, the federal requirements recognize that some obligated parents do not have the ability to pay, while others have the ability to pay but do not want to pay. The federal requirements aim to be more sensitive to those whose nonpayment is purely driven by an inability to pay.

Data Sample and Limitations

To meet the federal requirements, this review used the same sampling criteria as the last review only the sample was drawn from recently established and modified orders. The previous review, conducted in 2018, analyzed intrastate orders established or modified in state fiscal year (SFY) 2016-2017 that were tracked by the New Mexico Child Support Enforcement Division (CSED). The child support guidelines are to be applied to newly established orders as well as modified orders. Limiting the sample to intrastate orders aims to exclude orders in which another state's guidelines would be applied. CSED is the only data source tracking payments. Orders established and modified outside CSED are not tracked by any database. This is a major data limitation since the guidelines apply to all orders established and modified throughout the state, not just CSED orders. Although the previous sample was drawn from SFY2017, payments on these orders were extracted from SFY2018. This allowed for a whole year of payment data to be analyzed.

As with the previous review, CSED extracted intrastate orders. Two separate samples were drawn. They vary by time period:

- orders established or modified in calendar year (CY) 2020; and,
- orders established in the last six month of 2021.

The latter is after guidelines changes became effective July 1, 2021. This included an update to the child support schedule, which should affect the levels at which orders are established or modified. New and modified orders for current support in the SFY2017 sample and CY2020 sample would be determined using the older guidelines and child support schedule. In other words, there were no legislative changes to the guidelines between SFY2017 and CY2020.

For the sample drawn in CY2020, the payment data from the twelve months in CY2021 were also extracted to allow for the analysis of an entire year of payment data. For those orders established or modified in July through December 2021, only the first three months of payment data in 2022 were extracted. The advantages of analyzing the CY2020 sample are it provides an entire year of payment data; and, can indicate changes indirectly resulting from the pandemic; and how the guidelines were applied during this time period. The pandemic may have changed parents' decisions to divorce, separate, or seek child support; and, the demographics of those establishing or modifying orders. The pandemic also changed case processes and flow at the court and CSED. The major advantage of the Jul. – Dec. CY2021 sample is that it can be used to analyze the impact of guidelines changes. The major disadvantages are the smaller sample size, delay between filing data and order effective date that affects which version of the guidelines was applied, it may not capture a "steady-state" application of the guidelines changes if there is a learning curve to the application or other implementation delays; and, there is not sufficient time to have a year of payment data for analysis.

Sample Size and Orders Used for the Analysis

Exhibit 2 compares the number of orders extracted for each sample. Only orders for current support are analyzed. This consists of 5,290 orders from the SFY2017 sample, 3,974 orders from the CY2020 sample, and 1,318 orders from the Jul. – Dec. 2021 orders. For the SFY 2017 sample, there were 1,448 orders in which the current support order was missing. It is not entirely clear whether this is the same as a zero

order or whether there was a subtle change in the data extract criteria. In contrast, zero orders were specifically stated in a small number of orders in the CY2020 sample and the Jul.-Dec. 2021 sample (i.e., 49 and 10 zero orders, respectively). Since these are small counts and other states have found zero orders to be increasing, they are retained in the analysis.

Exhibit 2 also shows that most of the orders where an order amount for current support was not specified were arrears only orders (e.g., 1,183 of the 1,448 orders from the SFY2017 sample were arrears only orders). For the SFY2017 sample, only the 5,290 orders for current support were analyzed. Although the guidelines would apply to arrears-only orders, it would be the guidelines in effect when the arrears were accrued. This could be an earlier guidelines than would have applied for the SFY2017 sample and the CY2020 sample. Besides the issue that arrears orders may be established using an earlier guidelines versions, there are several other reasons for excluding arrears only orders in the core analysis: federal performance measures consider orders for current support separately from arrears orders, national data finds that the percentage of arrears paid is generally significantly less than the percentage of current support paid, and there are more enforcement tools that can be used to collect arrears than current support (e.g., income tax refunds can be intercepted for arrears), so the analysis of arrears payments can indirectly reflect whether those tools could be applied to arrears.

Exhibit 2: Number of Orders Extracted by Sample

	SFY2017 Sample	CY2020 Sample	Jul. – Dec. 2021 Sample
Total Orders Extracted	6,738	3,947	1,388
Orders for Current Support	5,290	3,947	1,318
Zero order	0	49	10
Order more than \$0	5,290	3,898	1,308
No Order for Current Support Specified	1,448	0	70
Arrears Only	1,183	0	32
Medical Support Only	12	0	35
Spousal Support Only	1	0	0
Type of Support Unknown from Extract	252	0	3

Exhibit 3 examines the availability and frequency of key data fields that affect the analysis. It is limited to orders for current support. As shown, the samples share many similarities but also contain many differences. The first row of Exhibit 3 highlights the number of months for which payment data are available. Three months of payment data (which is the number available for the Jul.-Dec., 2021 sample) is not comparable to 12 months of payment data (which is the number available for the other samples). This may skew some of differences in payment data statistics because the longer time period allows for more variance. For the payment analysis, the total amount paid and months with payment are multiplied by four to appear comparable to previous years.

Exhibit 3: Availability or Frequency of Core Data Fields for Analysis of Orders for Current Support (% of orders)*

	SFY2017 Sample (N =5,290)	CY2020 Sample (N=3,947)	Jul. – Dec. 2021 Sample (N=1,318)
Months With Payment Information	12	12	3
Order Type: New or Modified			
New	33%	72%	69%
Modified	67%	28%	31%
Missing	0%	0%	<1%
Case Status			
Open	97%	92%	97%
Closed	1%	7%	2%
Suspended	2%	1%	1%
Information from Automated Guidelines Worksheet			
Available	0%	40%	34%
Not Available/Missing	100%	60%	66%
Deviation Reason Noted			
Yes	4%	8%	9%
No	96%	92%	91%
Orders with Payments			
Made Any Payments	78%	80%	65%
No Payment Due or No Payments Made	22%	20%	35%

*Totals may not add to 100% due to rounding.

The second row of Exhibit 3 shows the percentage of orders that were new verses modified. Through other projects (including the previous review of the New Mexico case file data), CPR has found that payments are generally better among modified orders than new orders. One reason is that parties of paying orders may be more likely to pursue a modification than those without paying orders because they are more vested in the amount paid. In contrast, if a receiving parent is not receiving any child support there would be little incentive to modify the order. A nonpaying obligated parent who doesn't pay may be disenfranchised; that is, doesn't pay and does not care to modify the order even though a downward modification may be just.

The second row of Exhibit 3 also shows that the majority of the SFY2017 sample were modifications; whereas, the majorities of the other samples were new establishments. Explicitly, 67 percent of the SFY2017 sample were modifications, while 72 percent and 70 percent of the CY2020 and Jul.-Dec., 2021 sample, respectively, were new orders. The reasons for this were not investigated. However, CPR has observed a high level of modifications in other states during a similar time period for various reasons (e.g., change in treatment of incarcerated parents, particularly in light of the federal Office of Child Support Enforcement's concern about incarcerated parents as evident in the 2016 rule changes.¹) Due to the differences in payment patterns, this study also analyzes payments among newly established and modified orders separately.

¹ See Federal Office of Child Support Enforcement. (Dec. 20, 2016). Actional Transmittal (AT-16-06) Final Rule: Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs. Retrieved from <https://www.acf.hhs.gov/css/policy-guidance/final-rule-flexibility-efficiency-and-modernization-child-support-enforcement> .

The third row of Exhibit 3 shows the percentage of orders that were still open when payment data were analyzed. It shows the vast majority are still open regardless of the sample period. Payments would not be made on closed cases; hence, they are excluded from the analysis of payments. Among the closures in the 2020 sample, the most common closure reason (24%) was that there was no order with arrears of more than \$150. The second most common reason (20%) was that the dependent was emancipated, or the order was unenforceable, and the third most common (19%) was that the custodian requested closure. In 9 percent of closures, the obligated parent was deceased, and in 4 percent of closures, the reason was that the obligated parent was incapacitated.

The fourth row of Exhibit 3 shows the availability of information from the automated guidelines calculator hosted by CSED. It was added after the 2018 review, so no information from the automated guidelines calculator was available for the SFY2017 sample. Information from the automated guidelines calculator is extremely useful to understanding how the guidelines are applied because it contains detailed data on factors considered in the calculation of the support order. This includes the income of each party used in the guidelines calculation; whether there was an adjustment for the health insurance, childcare expenses, or another additional expenses; and, the number of days considered when the order is adjusted for shared-parenting time. Information from the CSED automated guidelines calculator is available for 40 percent of the CY2020 sample and 34 percent of the Jul.-Dec. 2021 sample. Its use is not required. A judge or referee may calculate the order manually or use another calculator.

The fifth row of Exhibit 3 shows the frequency that reasons for deviations were noted. If no deviation reason is recorded, it assumes that no deviation was made.

The last row of Exhibit 3 shows the percentage of orders with any payments. Some of the payment analysis (average paid) only consider those with payments. This is so a large share of zero payers don't draw the average down. Nonetheless, the percentage with zero payment is also analyzed.

Data Limitations

One major limitation is that the sample is not representative of the state. There are two ways it is not representative. As mentioned previously, a major limitation to this and the previous review is that the analysis only covers orders that were extracted from CSED, which is designed to track IV-D child support actions. IV-D stands for Title IV-D of the Social Security Act that enables state child support programs. IV-D orders comprise most orders on state automated systems but may include some non-IV-D orders that pay through the state disbursement system or for another state-specific reason. An analysis of non-CSED cases would involve sampling from court files, which would require a larger effort. Further, the court sample would not contain payment data, which must be analyzed pursuant a federal requirement to analyze payments. Through other projects where CPR has data from both IV-D and non-IV-D orders, CPR finds that that non-IV-D orders generally make up 40-60 percent of all orders within a state.

Nonetheless, the sample is reflective of New Mexico *IV-D* orders. With regards to the analysis of information from the automated guidelines calculator, orders with information from the automated guidelines calculator may not be representative of the IV-D population. There may be a selection bias as to whom uses the automated guidelines calculator or the type of case for which it is calculated. In other states, CPR has found the use of the automated calculator varies by geographical region and is not used when there is a deviation or zero order. Within the CY2020 sample, it was noted that certain counties

and districts were considerably more likely to use the automated calculator, while some counties did not have any orders using the automated calculator.² Deviations were more common in orders with attached guidelines calculators.³

A second major limitation is the CSED automated system, like most state automated systems, doesn't contain data fields noting income imputation, whether the order was entered default, and whether the low-income adjustment is applied. These are all federally required to be analyzed. As discussed later, proxies are developed to estimate the occurrence of these data fields.

A third major limitation is that not all deviations may be recorded on the CSED automated system. This is a common problem to most state automated child support systems. The court order or information received by child support staff entering the information onto the automated system may not obviously state that a deviation was made. The staff entering the information onto the automated system may not receive the full court record either.

A fourth limitation, which was discussed earlier, is the sampling period of the Jul.-Dec 2021 sample. It may have been drawn too early and may not have a sufficient number of months of payments to determine the impact of the guidelines changes. Just because the order was established after July 1, 2021, the old guidelines may have been applied when the child support action was filed.

Another issue is the data are limited to what is tracked by the CSED automated system, which is designed for managing child support actions. A minor limitation is that payment data was only analyzed for open, non-zero orders for which payment was due during the payment period. Among the 2020 sample, 99 percent of orders had payment data, while 95 percent of the Jul.-Dec 2021 sample had payment data.

Overview of Findings from the Analysis of Case File Data

This section documents general findings from the orders. When available, a comparison of the sample years are displayed as columns. Some fields, such as those from the automated calculator, are not available from the SFY2017 sample.

Orders by Judicial District and CSED Office

As shown in Exhibit 4, there are a few differences in the distributions of the samples geographically over time, but also many consistencies over time. Four judicial districts consistently issue more than 10 percent of the child support orders in each of the sampling periods: the 2nd District (Albuquerque); the 3rd District (Las Cruces); 5th District (Roswell and Hobbs); and, the 13th District (Los Lunas and Rio Rancho). For all three sample periods, two CSED offices continue to be the counties in which the largest number of child support orders are issued: Albuquerque North and Las Cruces. The volume at some offices is increasing over time (e.g., Los Lunas and Hobbs), while among other offices, the volume is

² In the county with the most orders (Bernalillo) 59% of orders had an attached calculator. In Lea and San Juan Counties 62% of orders had attached calculators; and in Valencia and Sandoval just over half (51%) used the automated calculator. However, Otero, Santa Fe, Luna, and Grant counties all have over 100 cases, none of which use the automated calculator, and Dona Ana, which has 671 orders only has three that use the automated calculator. No orders in the 1st, 3rd, 6th, or 12th districts had any orders that used the automated calculators.

³ Deviations more likely among those with guidelines (11%) than those without (6%). This is significant at $p < .05$.

decreasing (i.e., Albuquerque South, Farmington, and Roswell). Undoubtedly, these patterns mimic the general population changes among those regions.

Exhibit 4: Distribution of Samples by Judicial District and CSED Office (% of orders)*

	SFY2017 Sample (N =5,290)	CY2020 Sample (N=3,947)	Jul. – Dec. 2021 Sample (N=1,318)
Judicial District			
1st	6%	6%	5%
2nd	26%	23%	24%
3rd	14%	17%	16%
4th	3%	2%	2%
5th	15%	11%	10%
6th	5%	6%	5%
7th	2%	2%	3%
8th	2%	2%	1%
9th	3%	4%	4%
10th	1%	1%	1%
11th	10%	8%	9%
12th	3%	4%	5%
13th	11%	14%	17%
Tribal Courts	1%	0%	0%
Office			
Albuquerque North	13%	13%	14%
Albuquerque South	14%	11%	10%
Alamogordo	3%	5%	5%
Clovis	4%	4%	5%
Deming	3%	3%	3%
Farmington	10%	8%	9%
Hobbs	4%	7%	6%
Las Cruces	14%	17%	16%
Las Vegas	5%	4%	3%
Los Lunas	8%	10%	13%
Rio Rancho	5%	6%	5%
Roswell	11%	5%	4%
Santa Fe	6%	6%	5%
Silver City	2%	3%	2%

*Totals may not add to 100% due to rounding.

Characteristics of the Parties and the Case

Exhibit 5 analyzes selected characteristics of the parties and cases based on information available from the CSED automated system. As shown, the average number of children on the order for all three sampling periods was 1.6. However, the percentage with one child has decreased. The percentage of one-child orders was 62 percent in the SFY2017 sample and declined to 58 percent in the CY2020 sample. The decrease is statistically significant.⁴

The percentage of obligated parents that were fathers declined from 91 percent in the SY2017 sample to 89 percent in both the 2020 and 2021 samples. Similarly, the percentage of custodians who were the

⁴ p <.05.

mother decreased from 88 percent in the previous review to 85 percent in the 2020 and 2021 samples. The decreases in the percentage of obligated parents who were fathers and custodians who were mothers are statistically significant.⁵ The percentage of custodians who were fathers remains unchanged between samples at 7 percent, while grandparents and other relatives make up a larger share of custodial persons in the 2020 and 2021 samples than in the SFY2017 sample.

Exhibit 5 also shows that the majority of analyzed orders are IV-D/non-TANF regardless of the sample period. The percentage of IV-D/TANF orders increased from 7 to 9 percent from the SFY2017 sample to CY2020 sample. The increase is statistically significant;⁶ and, may reflect the economic impact of the COVID-19 pandemic. More families may have applied for TANF due to the pandemic. Medicaid enrollment has also increased. The increase may also reflect the economic impact of the pandemic, but may also be driven by system enhancements that improve the interface between CSED and Medicaid information.

Exhibit 5: Characteristics of the Parties and the Case (% of orders* unless noted)

	SFY2017 Sample (N=5,290)	CY2020 Sample (N=3,947)	Jul. – Dec, 2021 Sample (N=1,318)
Average Number of Children on the Order	1.5	1.6	1.6
Number of Children on the Order			
1 Child	62%	58%	58%
2 Children	27%	28%	28%
3 Children	8%	10%	10%
4 or more Children	3%	4%	4%
Obligated Parent			
Father	91%	89%	89%
Mother	9%	11%	11%
Custodian Person			
Father	7%	7%	7%
Mother	88%	85%	85%
Grandparent	3%	5%	5%
Other Relative	1%	2%	2%
Unknown (Custodial parent)	<1%	1%	1%
IV-D/TANF Status			
IV-D/Non-TANF	93%	91%	90%
IV-D/TANF	7%	9%	10%
Non-IV-D	<1%	<1%	<1%
Medicaid Enrollment			
Yes	21%	44%	44%
No	79%	56%	56%

*Totals may not add to 100% due to rounding.

⁵ p <.05.

⁶ p <.05.

Current Support Orders

Exhibit 6 displays the monthly support orders for current support across samples. As shown, the average order amount from the SFY2017 sample period (\$356 per month) increased to \$404 per month from the CY2020 sample period; and, increased again to \$438 per month from the Jul. – Dec. 2021 sample period. The increases were statistically significant over time.⁷ The differences may reflect increases in income over the sampling periods. The increase between CY2020 to Jul.-Dec. 2021 could also reflect increases to the schedule amounts.

As shown, the most common order amount range (27%) in the 2020 sample was \$201-\$300 per month. If each parent has an income equivalent to \$1,560 per month, which is the guidelines amount for state minimum-wage earnings in 2020 (\$9.00 per hour), the order would be \$258 per month for one child. The distribution of child support orders for the Jul.-Dec. 2021 sample skews higher than the 2020 sample, with just 19 percent falling within the \$201-\$300 per month range and 25 percent falling within the \$301-\$400 per month range. If each parent has an income equivalent to \$1,820 per month, which is the guidelines amount for state minimum-wage earnings in 2021 (\$10.50 per hour), the order would be \$315 per month for one child under the updated schedule. In other words, increases in minimum wage may also be pushing order amounts upward, even if orders are based on imputed minimum wage income.

Exhibit 6: Current Support Order Amounts (% of orders*, unless specified)

	SFY2017 Sample (N=5,290)	CY 2020 Sample (N=3,947)	Jul. – Dec., 2021 Sample (N=1,318)
Current Support Order			
Average [‡]	\$356	\$404	\$438
Median	\$300	\$343	\$377
Range	\$1 - \$2,918	\$0 - \$2,668	\$0 - \$2,389
Current Support Order			
\$0	0%	1%	1%
\$1-\$50	1%	2%	2%
\$51-\$100	2%	2%	3%
\$101-\$150	3%	2%	3%
\$151-\$200	8%	5%	4%
\$201-\$300	36%	27%	19%
\$301-\$400	22%	24%	25%
\$401-\$500	12%	14%	16%
\$501-\$600	6%	8%	10%
\$601-\$700	4%	5%	6%
\$700 and up	6%	10%	13%

*Totals may not add to 100% due to rounding.

[‡]Differences are statistically significant at $p < .05$.

⁷ $p < .05$.

Minimum Orders

The minimum support order for the 2020 guidelines was \$100 per month for one child and \$150 per month for two or more children. Only one percent of orders in the CY2020 sample were based on the minimum support order. The minimum order changed to \$60 per month for one child and \$15 for each additional child under the guidelines that became effective July 1, 2021. Less than one percent of orders in the Jul. – Dec. 2021 sample were minimum orders. The percentage of minimum orders in the SFY2017 sample was 2 percent. The payment patterns of minimum and low-income orders are discussed in later subsections.

Monthly Arrears Orders

Most (73%) orders from the CY2020 sample also had an arrears order. The average and median arrears orders were \$64 and \$54 per month, respectively. Most (87%) of the arrears orders in cases with current support were set at less than \$100 per month. Within the Jul. – Dec. 2021 sample, 73 percent had arrears orders. The average and median arrears orders were \$64 and \$55 per month, respectively. The arrears orders from both the CY2020 and Jul.-Dec 2021 samples are similar to the amounts from the SFY2017 sample, in which 72 percent of orders had arrears orders and the average and median amounts were \$65 and \$54 per month, respectively.

Cash Medical Support

Almost half (49%) of all current support orders in the CY2020 sample also had an order for cash medical support. Cash medical support is typically ordered when neither parent has access to private healthcare coverage that is reasonable in cost or accessible to the children or both. Cash medical support is often ordered when the children are enrolled in Medicaid. The average amount of cash medical support was \$5.80 per month and the vast majority (96%) of all cash medical support orders were for \$5 per month. Within the Jan. - Dec. 2021 sample, 47 percent of current support orders had cash medical support orders. The average amount of the cash medical support order was \$6.16 per month and 97 percent of orders were for \$5 per month. In the SFY2017, only 14 percent had cash medical support orders and 94 percent of cash medical support orders were for \$5 per month. It is unknown whether the increase resulted from a policy change. The federal Office of Child Support Enforcement (OCSE) changed its policy on medical support in 2018.⁸ Specifically, in 2018, OCSE rescinded an earlier action transmittal released shortly after 2010 healthcare reform was passed that held states harmless of penalties for failure to comply with the 2008 Medical Support Final Rule requirements. The intent was to allow some time to assess the impact of healthcare reform on child medical support. In turn, the 2018 action transmittal suggested that states review their laws, rules and policies to ensure compliance with the requirements. The increase may reflect New Mexico acting on the suggestion.

⁸Office of Child Support Enforcement. (Aug. 1, 2018.) "Compliance with Medical Support Final Rule Requirements." *Action Transmittal*. AT-18-06. Retrieved from <https://www.acf.hhs.gov/css/policy-guidance/compliance-medical-support-final-rule-requirements>.

Spousal Support

Spousal support may be ordered in cases where the parents were married or are separated. Spousal support orders were rare. Less than one percent of orders from the CY2020 sample had any spousal support. The average amount of spousal support ordered was \$813 per month and the median was \$789 per month. This is similar to the Jul.-Dec. 2021 sample, in which only 6 orders (0.4%) had any spousal support and the average and median amounts were \$964 and \$800 per month, respectively. Among the 20 cases in the SFY2017 review with spousal support, the average and median amounts were \$607 and \$450 per month, respectively.

Total Support

The total support obligation includes the sum of current support, spousal support, and cash medical support. Within the CY2020 sample, monthly support averaged \$459 and the median total support was \$388 per month. In the Jan.-Dec. 2021 sample, the average and median total obligations were \$471 and \$408 per month, respectively. Both of the samples provided are higher than the average and median amounts from the SFY2017 review, which were \$406 per month and \$350 per month, respectively; this difference is statistically significant.⁹

Incomes Used for the Guidelines Calculation

As shown in Exhibit 3, information from the CSED automated guidelines calculator was available for 40 percent of the CY2020 sample and 34 percent of the Jul.-Dec. 2021 sample. Information from the CSED automated guidelines calculator was not available for the SFY2017 sample.

Exhibit 7 displays the average incomes for parties used for the guidelines calculation.¹⁰ In general, obligated parents had higher incomes than custodians. Among the 2020 sample, the average and median gross incomes of custodians were \$1,914 and \$1,560 per month, respectively, and the average and median incomes of obligated parents were \$2,644 and \$1,700 per month, respectively. Within the Jul.-Dec. 2021 sample, the average and median gross incomes of custodians were \$2,060 and \$1,820 per month, respectively, and the average and median among obligated parents were \$2,678 and \$1,847 per month, respectively. None of the differences in guidelines incomes between years are statistically significant.

Guidelines incomes among modified orders were significantly higher than the gross incomes among new establishments. Within the 2020 sample, the average incomes for custodians and obligated parents with modified orders were \$2,451 and \$3,104 per month, respectively, while their respective averages among new orders were \$1,571 and \$2,349 per month. Within the 2021 sample, the average gross monthly incomes of custodians and obligated parents with modified orders were \$2,556 and \$3,102 per month, respectively, compared to \$1,745 and \$2,408 per month among new orders, respectively. Again, these differences between years are not statistically significant.

⁹ $p < .05$.

¹⁰ It may not be if there was a deviation from the guidelines or a manual guidelines calculation was used or for another reason.

Exhibit 7: Average and Median Gross Income of Parties from CSED Automated Guidelines Calculator*

	CY2020 Sample (N=1,577)		Jul. – Dec. 2021 Sample (N=474)	
	Custodial Persons	Obligated Parents	Custodial Persons	Obligated Parents
Monthly Gross Income				
Average	\$1,914	\$2,644	\$2,060	\$2,678
Median	\$1,560	\$1,700	\$1,820	\$1,847
Average Monthly Gross Income				
Modified	\$2,451	\$3,104	\$2,556	\$3,102
New	\$1,571	\$2,349	\$1,745	\$2,408

*Information is not available from the SFY2017 sample.

One factor that should contribute to an increase in wages over time is annual increases to state minimum wage.

- In 2020 the state minimum wage was \$9.00/hour, or \$1,560 per month; and
- In 2021 the state minimum wage was 10.50/hour, or \$1,820 per month.¹¹

Exhibit 8 shows the distribution of incomes of each party. As shown, zero incomes were more common among custodial persons, with 17 percent in both samples having zero incomes, compared to less than one percent of obligated parents with zero incomes. Within the CY2020 sample, about 15 percent of custodial persons and 20 percent of obligated parents had incomes exactly equal to the state minimum wage in 2020, and 18 percent of custodial persons and 26 percent of obligated parents had incomes equal to the state minimum wage within the 2021 sample. Both sample years also had a significant portion of both custodial and obligated parties with incomes exactly equal to \$1,300 per month, which is the equivalent of full-time minimum wage earnings using \$7.50/hour, which was the state’s minimum wage in 2018 and 2019. The lag between when the complaint for child support is filed and when the order is established may span over a year. The guidelines amount may have been calculated at the time of the complaint. Still, the high percentages of both obligated parents and custodial persons with minimum-wage income for any year is likely an indicator of income imputation, which will be discussed in a later section.

¹¹ U.S. Department of Labor. Wage and Hour Division. Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968 to 2021 <https://www.dol.gov/agencies/whd/state/minimum-wage/history>

Exhibit 8: Guidelines Income Distribution (% of orders*)

	CY2020 Sample (N=1,577)		Jul.-Dec. 2021 Sample (N=474)	
	Custodial Persons	Obligated Parents	Custodial Persons	Obligated Parents
Gross Monthly Income				
\$0	17%	0%	17%	1%
\$1-\$750	5%	1%	5%	2%
\$501-\$1,299	6%	4%	6%	0%
\$1,300 (2018 & 2019 minimum wage)**	4%	6%	2%	6%
\$1301- \$1,559	4%	4%	3%	2%
\$1,560 (2020 minimum wage)**	15%	20%	3%	6%
\$1,561- \$1819	11%	18%	4%	6%
\$1,820-\$1,821 (2021 minimum wage)**	0%	0%	18%	26%
\$1,822 - \$2,000	4%	4%	5%	4%
\$2,001-\$3,000	17%	16%	18%	18%
\$3,001-\$ 4,000	9%	10%	9%	11%
\$4,001 and up	9%	16%	11%	17%

*Totals may not add to 100% due to rounding.

**Monthly earnings from 40 hour workweek at State minimum wage.

Children on the Order Based on the CSED Automated Guidelines Calculations

The average number of children in the CSED automated guidelines calculations within the 2020 sample was 1.4, which is lower than the average for all orders in the sample, which was 1.6. Most (66%) automated calculations were for one child, with 25 percent for two children, 7 percent for three children, and 2 percent for four or more children. The number of children in the calculators corresponded with the number of children on the order for 80 percent of orders in the 2020 sample. Among one-child orders, the automated calculations corresponded 98 percent of the time. Among the 2021 sample, the average number of children was 1.5, with 64 percent being for one child, 25 percent for two children, 8 percent for three, and 3 percent for four or more children.

Health Insurance for the Child, Childcare, and Additional Expenses

The New Mexico child support schedule does not include the cost of the child’s health insurance or work-related childcare expense. Instead, the actual amount expended for these items can be considered on a case-by-case base in the determination of the support award. Similarly, additional, extraordinary expenses (i.e., extraordinary out-of-pocket medical, dental, or counseling expenses; extraordinary educational expenses, and transportation and communication expenses necessary for shared parenting) can be considered on a case-by-case basis.

The expenses are to be prorated between the parents. The parent paying the expense receives a credit. If the obligated parent pays the expense, the obligated parent receives a credit for the custodial person’s prorated share of the expense against the obligated parent’s share of the schedule amount. If custodian person pays the expense, the obligated parent’s prorated share of the expense is added to the obligated parent’s share of the schedule amount.

Information about the frequency that these adjustments are applied and their amounts are available from the CSED automated guidelines calculator. Insurance premiums were rare among automated calculations. Only seven percent of all custodial persons and seven percent of obligated parents in the CY2020 sample included insurance premiums. The average amount of insurance premium was \$169 per month for custodial persons and \$178 per month for obligated parents. Among the Jul.-Dec. 2021 sample, only nine percent of all custodial persons and six percent of obligated parents included insurance premiums. The average amount of insurance premium was \$176 per month for custodial persons and \$161 per month for obligated parents.

Few automated calculations included childcare expenses. Childcare expenses were more common among custodial parents than obligated parents. Within the CY2020 sample, only 10 percent of custodial persons and one percent of obligated parents included additional expenses for childcare. The average amount of childcare among custodial persons was \$221 per month, and the average for obligated parents was \$238 per month. In the Jul.-Dec. 2021 sample, only eight percent of custodial persons and no obligated parents included additional expenses for childcare. The average amount of childcare among custodial persons was \$283 per month.

Additional expenses were included in less than one percent for both custodial persons and obligated parents in both the CY2020 and Jul.-Dec. 2021 sample.

Number of Days for Shared-Responsibility Adjustment

The number of days is considered when there is a shared-responsibility adjustment, that may be applied if the child is with each party at least 35 percent of the time. The number of days was only recorded for 5 percent of orders with automated calculations in the CY2020 sample. This suggests the shared-responsibility adjustment is applied infrequently in the CSED caseload. The number of days is reported for the mother and the father, not the custodial person and the obligated parent. The average number of days per year spent with the mother was 201 and the average number of days per year spent with the father was 163. In the Jul.-Dec. 2021 sample, the number of days with the parties was only recorded for 4 percent of orders with automated calculations. Of those with a recorded number of days, the average number of days per year spent with the mother was 215; and, the average number of days spent with the father was 149.

Analysis of Federally Required Fields

The analysis is limited to issues identified in federal regulation (C.F.R. 302.56(h)(2)); namely, rates of income imputation, default orders, deviations, and application of the low-income adjustment. Payment patterns for the sub-groups are also examined.

Analysis of Payments by Selected Characteristics

Federal regulation (45 C.F.R. § 302.56(h)(2)) requires the analysis of payment data, specifically by “case characteristics, including whether the order was entered by default, based on imputed income, or determined using the low-income adjustment” Payment data was tracked for each month of CY2021 for the CY2020 sample. This is the year after the order was established or modified. For the Jul.

– Dec. 2021 sample, payment information is tracked for the first three months of 2021 and converted to an annual basis by multiplying it by four.

There are several ways to analyze payments. One way is by looking at the percentage of orders making any payments. Exhibit 9 looks at the percentage of orders from each of the sample years making any payments during the payment period. There is a small increase in the percentage of orders with payment from SFY2017 to CY2020, but then a significant decrease from Jul. -Dec. 2021. This may be a data issue stemming from the payment data being pulled from only three months rather than a year and not giving sufficient time from when the payment was due to when it was pulled for accounting ledgers to balance.

Exhibit 9: Percentage of Orders with Any Payments in Payment Period by Selected Characteristics

	SFY2017 Sample (N =5,290)	CY2020 Sample (N=3,947)	Jul. – Dec. 2021 Sample (N=1,318)
All Orders	78%	80%	65%
Order Type			
New Order	67%	77%	59%
Modified Order	83%	89%	79%
Monthly Amount of Current Support			
\$1-50	72%	76%	52%
\$51- 100	73%	81%	55%
\$101-150	79%	81%	59%
\$151-200	79%	82%	67%
\$201-300	74%	80%	57%
\$301-400	76%	79%	64%
\$401-500	83%	81%	74%
\$500-\$600	89%	85%	73%
\$601-\$700	85%	84%	76%
\$701 and up	91%	86%	77%
Monthly Arrears Order			
None	85%	83%	66%
\$50	77%	81%	60%
\$51-100	73%	77%	66%
More than \$100	83%	83%	71%
Custodial Person Is the Mother or Father to the Child			
Yes	80%	82%	66%
No	47%	61%	45%
Wage Withholding			
No Wage Withholding	62%	64%	50%
Wage Withholding	87%	88%	77%
License Suspended			
No License Suspension	77%	79%	64%
License Suspension	94%	90%	77%

As shown, the percentage of orders with payments is more among modified orders than newly established orders, higher order amounts than lower order amounts, and orders with wage withholding than orders without wage withholding. The percentage of paying orders is less when the custodial

person is a non-parent (e.g., grandparent) than when the custodial person is a parent and when the obligated parent's license was suspended for nonpayment than if it wasn't. The payment patterns among those with arrears orders is mixed. The premise is that those with arrears orders and those with higher arrears orders would be less likely to pay anything. The information presented in Exhibit 9 shows the percentage of paying cases is highest among those with no arrears, but that the second highest are those with arrears orders of over \$100 per month.

Average Paid and Compliance among Paying Orders

Other ways to examine payments include looking at the total amount paid in the payment year, and the percentage of support due that was paid (referred to as compliance). In order to keep this analysis comparable to the 2018 review, the average support paid and compliance are reported for paying cases only.¹² They are also separated for new and modified orders. Exhibit 10 displays the average annual amount paid and compliance rate by year for new orders, and Exhibit 11 displays the amount paid and compliance rate for modified orders.

Exhibit 10, which examines the payments among newly established orders, shows that average paid per year is over time is more over time. Specifically, it was \$2,824 per year among paying orders from the SFY2017 sample, \$3,087 per year among paying orders from the CY2020 sample and \$3,905 per year among paying orders from the Jul. – Dec. 2021 orders. The difference is statistically significant over time,¹³ but so is the increase in the order amount. In other words, they may be paying more because they owe more. Similarly, the percentage of current support paid among paying orders increases across sampling periods. This trend is true for almost all of the subcategories analyzed in Exhibit 10.

Exhibit 11, which examines modified orders, shows the same patterns as newly established orders in Exhibit 10: that is, the amount paid over time among paying cases increases over time; the percentage of support paid among paying cases increases over time; and these trends are generally consistent across all subcategories.

¹²In other words, orders with zero payment are excluded from the analysis. On the one hand, this overstates payments because it excludes zero payers. On the other hand, it is better compares paying orders. Appendix A includes the same information as Exhibits 10 and 11 only for all orders including those with zero payments. Future reviews may want to include all orders with current support due regardless whether there was nothing paid.

¹³ $p < .05$.

Exhibit 10: Analysis of Average Payments and Percentage of Support Paid among Newly Established Orders with Payments by Selected Characteristics*

	Dollars Paid in Year			Percentage of Current Support Paid		
	SFY2017 Sample (N=1,150)	CY2020 Sample (N=2,185)	Jul. – Dec., 2021 Sample** (N=572)	SFY2017 Sample (N=1,150)	CY2020 Sample (N=2,185)	Jul. – Dec., 2021 Sample (N=572)
All Orders	\$2,824	\$3,087	\$3,905	62%	67%	73%
Monthly Amount of Current Support						
\$1-50	\$446	\$276	\$391	99%	61%	53%
\$51- 100	\$484	\$677	\$595	48%	60%	54%
\$101-150	\$970	\$1,127	\$1,361	60%	63%	73%
\$151-200	\$1,311	\$1,451	\$1,458	59%	68%	65%
\$201-300	\$1,825	\$1,809	\$2,195	59%	63%	68%
\$301-400	\$2,648	\$2,481	\$3,245	62%	65%	76%
\$401-500	\$3,479	\$3,362	\$4,074	64%	67%	74%
\$500-\$600	\$4,325	\$4,501	\$5,020	65%	72%	76%
\$601-\$700	\$5,723	\$5,142	\$6,220	73%	85%	80%
\$701 and up	\$7,702	\$7,821	\$8,211	70%	69%	72%
Monthly Arrears Order						
None	\$3,057	\$3,509	\$4,479	66%	74%	77%
\$50	\$2,031	\$2,192	\$2,606	59%	65%	70%
\$51-100	\$2,480	\$2,678	\$3,534	58%	60%	73%
More than \$100	\$5,659	\$5,523	\$6,131	65%	70%	73%
Custodial Person Is the Mother or Father to the Child						
Yes	\$2,857	\$3,144	\$3,928	62%	68%	73%
No	\$2,185	\$2,387	\$3,567	52%	57%	81%
Wage Withholding						
No Wage Withholding	\$2,850	\$2,912	\$3,986	61%	63%	75%
Wage Withholding	\$2,808	\$3,152	\$3,860	63%	68%	72%
License Suspended						
No License Suspension	\$2,842	\$3,192	\$3,964	62%	67%	75%
License Suspension	\$1,135	\$2,587	\$3,024	35%	65%	51%

*Amounts paid and compliance are reported out of the percentage of orders making any payments, which is how they were measured for the 2018 review.

**The amounts have been multiplied by four to annualize them so they are comparable to the other sample time periods.

Exhibit 11: Analysis of Average Payments and Percentage of Current Support Paid among Modified Orders with Payments by Selected Characteristics*

	Dollars Paid in Year			Percentage of Current Support Paid		
	SFY2017 Sample (N=2,979)	CY2020 Sample (N=987)	Jul. – Dec., 2021 Sample** (N=328)	SFY2017 Sample (N=2,979)	CY2020 Sample (N=987)	Jul. – Dec., 2021 Sample (N=328)
All Orders	\$3,142	\$4,030	\$5,550	69%	80%	100%***
Monthly Amount of Current Support						
\$1-50	\$281	\$622	\$832	70%	80%	79%
\$51- 100	\$664	\$1,158	\$845	65%	87%	80%
\$101-150	\$1,174	\$1,717	\$1,030	72%	100%	68%
\$151-200	\$1,472	\$1,691	\$3,000	67%	75%	140%***
\$201-300	\$1,911	\$2,207	\$2,600	63%	75%	86%
\$301-400	\$2,842	\$3,005	\$5,032	67%	75%	133%***
\$401-500	\$4,016	\$4,243	\$4,402	74%	76%	76%
\$500-\$600	\$5,105	\$5,397	\$5,849	78%	88%	88%
\$601-\$700	\$6,326	\$6,211	\$6,753	81%	83%	92%
\$701 and up	\$8,791	\$9,920	\$11,112	79%	90%	102%
Monthly Arrears Order						
None	\$4,429	\$4,579	\$6,653	86%	91%	122%***
\$50	\$2,148	\$2,648	\$2,938	63%	71%	76%
\$51-100	\$2,635	\$3,459	\$4,503	61%	71%	78%
More than \$100	\$4,655	\$6,816	\$6,952	65%	82%	86%
Custodial Person Is the Mother or Father to the Child						
Yes	\$3,161	\$4,093	\$5,600	69%	80%	100%***
No	\$2,419	\$2,421	\$2,870	60%	81%	88%
Wage Withholding						
No Wage Withholding	\$2,805	\$3,843	\$5,602	63%	83%	119%***
Wage Withholding	\$3,267	\$4,089	\$5,522	71%	79%	90%
License Suspended						
No License Suspension	\$3,170	\$4,278	\$5,639	68%	84%	101%***
License Suspension	\$2,836	\$2,703	\$2,976	70%	57%	60%

*Amounts paid and compliance are reported out of the percentage of orders making any payments, in order to be consistent between reviews.

**The amounts have been multiplied by four to annualize them so they are comparable to the other sample time periods.

*** Payment rates of over 100 percent may reflect issues with the timing of the data extract and the posting of payments and distributions. The data were pulled before the ledgers were balanced. This produce compliance rates over 100 percent particularly if there was an extra payday in a month.

Analysis of Average Number of Months of Payments by Selected Characteristics

Yet another way to examine payments is to examine the average number of months with payments over the payment sample period. The information was only available for the CY2020 and Jul.-Dec 2021 samples. As noted in the preamble to the 2016 OCSE rule changes,¹⁴ consistent payments are important to low-income families for household budgeting. Because only three months of payment data was received for the 2021 sample, the average number of months with payment has been multiplied by four to make them comparable to the CY2020 sample. Again, the number of months with payment is reported separately for new and modified orders.

Exhibit 12: Analysis of Average Number of Months with Payments among Paying Cases by Selected Characteristics

	Newly Established Orders		Modified Orders	
	CY2020 Sample (N=2,182)	Jul. – Dec., 2021 Sample* (N=572)	CY2020 Sample (N=985)	Jul. – Dec., 2021 Sample* (N=328)
All Orders	8.1	9.5	9.6	10.5
Monthly Amount of Current Support				
\$1-50	7.7	8.7	9.5	9.6
\$51- 100	7.3	7.6	9.6	8.0
\$101-150	8.2	8.5	10.4	9.0
\$151-200	8.4	8.6	9.3	11.0
\$201-300	7.5	9.0	8.9	10.3
\$301-400	7.8	9.6	8.9	10.5
\$401-500	8.2	9.9	9.9	9.8
\$500-\$600	8.9	9.4	10.4	11.1
\$601-\$700	8.9	10.5	10.5	11.4
\$701 and up	8.9	9.7	10.6	11.1
Monthly Arrears Order				
None	8.3	9.5	10.2	10.9
\$50	8.0	9.5	8.8	9.7
\$51-100	7.5	9.4	8.9	10.2
More than \$100	9.1	9.8	10.3	10.4
Custodial Person Is the Mother or Father to the Child				
Yes	8.1	9.5	9.6	10.5
No	6.9	9.7	8.1	7.3
Wage Withholding				
No Wage Withholding	7.6	9.5	9.5	10.3
Wage Withholding	8.2	9.5	9.6	10.6
License Suspended				
No License Suspension	8.2	9.6	9.9	10.6
License Suspension	7.2	7.7	7.7	8.4

*The amounts have been multiplied by four to annualize them so they are comparable to the CY2020 sample.

¹⁴ Federal Office of Child Support Enforcement. (Dec. 20, 2016). Actional Transmittal (AT-16-06) Final Rule: Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs. Retrieved from <https://www.acf.hhs.gov/css/policy-guidance/final-rule-flexibility-efficiency-and-modernization-child-support-enforcement> .

Similar to other payment patterns, Exhibit 12 shows that the average number of months with payment among paying cases increased over time. The difference is statistically significant.¹⁵ It also shows that modified orders pay a higher average number of months. In the CY2020 sample, the average number of months with payments was 9.6 for modified orders and 8.1 for new orders. Within the 2021 sample, the average number of months with payment was 10.5 for modified orders and 9.5 for new orders. The differences between new and modified is statistically significant for both years.¹⁶

Income Imputation and Default Orders

Federal regulation (45 C.F.R. § 302.56(g)(2)) requires the analysis of payment patterns for orders where the obligated parent's income is imputed as well as orders entered by default. CSED's automated system, like most state automated systems, does not track defaults or income imputation, so proxies are developed.

Analysis of Income Imputation

The requirements to analyze orders with income imputation are based on research that finds a negative correlation between income imputation and payments.¹⁷ Two proxies are developed to estimate the percentage of orders with imputed income. Both hinge on earnings from full-time minimum wage, which is a common imputed income. This proxy understates actual income imputation because it does not capture income imputed at amounts other than minimum wage earnings. The proxy may overstate income imputation if the actual income of several parents is full-time earnings at minimum wage. However, the former is more of a concern than the latter. As shown in the analysis of labor market data, minimum wage is not typical pay.

Analysis of Income Imputation Using Guidelines Income from the CSED Automated Calculator

For those orders where information from the CSED automated guidelines calculator was recorded, guidelines incomes equivalent to full-time, minimum-wage earnings can be directly observed. Exhibit 13 shows the percentage of support orders with information from the CSED automated guidelines calculator that have income equivalent to full-time minimum wage. The state minimum wage in 2020 is used for the CY2020 sample, and the state minimum wage in 2021 is used for the Jul.-Dec. 2021 sample. In 2019 and 2020, the state minimum wage in New Mexico was \$9.00/hour, or \$1,560 per month, assuming a 40-hour workweek. In 2021, the state minimum wage was 10.50/hour, or \$1,820 per month, assuming a 40-hour workweek. However, as mentioned previously, a significant percentage of orders had guidelines income set using the minimum wage amounts from previous years. For example, within the 2020 sample, 9 percent of those with guidelines incomes had incomes set at \$1,300, which is the equivalent of full-time earnings using the 2018 state minimum wage of \$7.50/hour. Exhibit 13 shows the percentage of parties with incomes matching the state minimum wages of \$1,300, \$1,560, and \$1,820 per month. This may be due to the lapse in time between when the guidelines amount is calculated, which may be before filing, and the when the order is issued.

¹⁵ $\rho < .05$.

¹⁶ $\rho < .05$.

¹⁷ See page 68555 of U.S. Department of Health and Human Services. (Nov. 17, 2014). "Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs." *Federal Register*, vol. 79, no. 221. Retrieved from <https://www.gpo.gov/fdsys/pkg/FR-2014-11-17/pdf/2014-26822.pdf>.

Exhibit 13: Percentage of Parents with Guidelines Incomes Equivalent to Full-time Minimum Wage Earnings*

	Newly Established Orders		Modified Orders	
	CY2020 Sample (N=962)	Jul. – Dec. 2021 Sample (N=289)	CY2020 Sample (N=615)	Jul. – Dec. 2021 Sample (N=184)
Percentage with Income Equivalent to Full-Time, Minimum Wage Earnings				
Obligated Parents	31%	45%	19%	26%
Custodial Persons	18%	20%	22%	33%

*Full-time, Minimum Wage Earnings is a proxy for income imputation. Some parents may have income imputed at another amount (for example, custodial persons often have income set at \$0 for imputation). Some parents may actually earn minimum wage and work 40 hours per week.

Exhibit 13 shows the percentage with full-time, minimum wage has increased between the two sample periods for both obligated parents and custodial persons among both newly established orders and modified orders.¹⁸ This suggests income imputation is increasing. This may relate to labor market during the pandemic rather than the change in the guidelines as of July 1, 2021.

Exhibit 14 compares the payment patterns of newly established orders with guidelines income information by whether the obligated parent’s income was equivalent to full-time, minimum wage. Exhibit 15 compares the same information for modified orders with guidelines incomes. As shown in both exhibits, the first cluster of columns reports the amounts and payment patterns for those orders where the obligor’s guidelines income was equal to full-time minimum wage earnings, while the second clustering displays the same for obligated parents with income that was less than or more than minimum wage earnings. The first row of the tables displays the descriptive statistics for the amount of current support owed, while the next three rows display payment patterns (total paid, compliance, months with payment). Once again, the information in these tables only shows payment patterns for orders with payments.

Across both new and modified orders, the average and median amounts of support owed is higher for orders where the obligor’s income is not set at minimum wage earnings, regardless of the sample year. Obligated parents with minimum wage guidelines income for CY2020 had an average current support order of \$198 per month and paid an average of \$1,925, compared to obligated parents without minimum wage earnings who had current support set at an average of \$446 per month and paid a total of \$4,104. The higher amounts of support owed correlates directly to greater average total payments. However, looking at the percent of support due that was paid and the months with payment also reveals worse payment patterns, with obligated parents with minimum wage earnings in CY2020 paying only 63 percent of the support due over an average of 7.3 months, compared to obligated parents without minimum wage incomes, who paid 77 percent of the support due over 9.5 months. These differences are more pronounced among new orders than modified orders, with the difference in compliance being a full 18 percent lower for obligated parents with minimum wage income for modified orders, compared to a 10 percent compliance difference in new orders in the CY2020 sample.

¹⁸ $p < .05$.

Exhibit 14: Comparison of Payment Outcomes, Order Amounts, and Incomes for Newly Established Orders with Payments by Whether the Obligor’s Guidelines Income is Equivalent to Full-time Minimum Wage Earnings

	Guidelines Income Equal to Full-Time Minimum, Wage Earnings		Guidelines Income is More or Less than Full-Time Minimum Wage Earnings	
	CY2020 Sample (N=199)	Jul. – Dec. 2021 Sample (N=65)	CY2020 Sample (N=541)	Jul. – Dec. 2021 Sample (N=120)
Amount of Current Support Owed Monthly				
Average	\$298	\$348	\$421	\$497
Median	\$269	\$317	\$370	\$435
Range	\$50 - \$926	\$51 - \$917	\$1 - \$2,300	\$43 - \$1,686
Total Paid in Year*				
Average	\$1,749	\$2,656	\$3,673	\$4,367
Median	\$1,509	\$2,103	\$3,008	\$4,027
Range	\$20 - \$10,472	\$60 - \$11,064	\$1 - \$27,600	\$56 - \$15,972
Percentage of Current Support Paid				
Average	62%	62%	72%	75%
Median	54%	67%	82%	88%
Range	1% - 1,761%	1% - 120%	1% - 200%	3% - 193%
Number of Months with Payments*				
Average	6.8	8.6	9.1	9.9
Median	7.0	8.0	10.0	12.0
Range	1 - 12	4 - 12	1 - 12	4 - 12

*Amounts for the 2021 sample have been multiplied by four to annualize them, so they are comparable to the CY2020 sample.

Exhibit 15: Comparison of Payment Outcomes, Order Amounts, and Incomes for Modified Orders with Payments by whether the Obligor’s Guidelines Income is Equivalent to Full-time Minimum Wage Earnings

	Full-Time Minimum, Wage Earnings		Guidelines Income is More or Less than Full-Time Minimum Wage Earnings	
	CY2020 Sample (N=96)	Jul. – Dec. 2021 Sample (N=29)	CY2020 Sample (N=452)	Jul. – Dec. 2021 Sample (N=120)
Amount of Monthly Current Support				
Average	\$299	\$367	\$475	\$512
Median	\$266	\$315	\$400	\$500
Range	\$47 - \$953	\$218 - \$1,000	\$0 - \$2,107	\$14 - \$1,385
Total Paid in Year*				
Average	\$2,290	\$3,309	\$4,619	\$5,319
Median	\$2,233	\$3,264	\$3,846	\$5,218
Range	\$34 - \$7,018	\$39 - \$10,564	\$10 - \$19,752	\$3 - \$17,088
Percentage of Current Support Paid				
Average	65%	80%	83%	87%
Median	65%	95%	92%	100%
Range	1% - 200%	10% - 133%	1% - 596%	0% - 167%
Number of Months with Payments*				
Average	8.3	10	10.0	11
Median	9.0	12	12.0	12
Range	1 - 12	4 - 12	1 - 12	4 - 12

*Amounts for the 2021 sample have been multiplied by four to annualize them, so they are comparable to the CY2020 sample.

Analysis of Income Imputation Using Order Amount

For the 2018 review, income imputation was analyzed using another proxy for full-time, minimum-wage earnings: the order amount at full-time, minimum-wage earnings. (The CSED automated guidelines calculator, which is the data source of the party’s income, was not available then.) The same technique is used in this analysis to approximate income imputation in order to see if the trend has changed over time. Exhibit 16 shows what the monthly order amount using the minimum wage and child support schedule effective in the state during the sampling period would be. The minimum wage differed between the three time periods. The federal minimum wage was effective during the SFY2017 sample. Since then, a state minimum wage was adopted. As mentioned earlier, the state minimum wage increased from 2020 to 2021.

Exhibit 16 displays what the monthly order amounts would be for the applicable years for analysis. Each row of the table corresponds to the combination of which guidelines version was used with the applicable minimum wage. Within each row, there are two sub-rows that display what the resulting child support amount would be if one or both parties had income imputed to minimum wage. I

Exhibit 16: Monthly Order Amounts when Income Is Imputed at Minimum Wage for One or Both Parties under Old or New Guidelines and Minimum Wage from Various Years

Guide- lines Version	Minimum Wage	Income of the Obligated Parent	Income of the Custodial Person	Number of Children					
				1	2	3	4	5	6
Old	SFY2017: \$7.25/hr	Min. wage	Min. wage	\$229	\$332	\$390	\$431	\$470	\$504
		Min. wage	\$0	\$243	\$329	\$355	\$358	\$362	\$366
Old	CY2018: \$7.50/hr	Min. wage	Min. wage	\$234	\$339	\$399	\$441	\$481	\$517
		Min. wage	\$0	\$258	\$347	\$389	\$394	\$398	\$402
Old	CY2019-2020: \$9.00/hr	Min. wage	Min. wage	\$258	\$373	\$439	\$485	\$528	\$568
		Min. wage	\$0	\$307	\$435	\$495	\$536	\$572	\$578
Old	CY2021: \$10.50/hr	Min. wage	Min. wage	\$276	\$398	\$467	\$516	\$562	\$604
		Min. wage	\$0	\$349	\$506	\$588	\$636	\$678	\$716
New	CY2021: \$10.50/hr	Min. wage	Min. wage	\$312	\$458	\$554	\$619	\$680	\$740
		Min. wage	\$0	\$336	\$493	\$596	\$665	\$732	\$796

*For the SFY2017 and CY2020 samples, the guidelines prior to the July 1, 2021 changes is applied. For the Jul.-Dec. 2021 sample, the guidelines schedule effective beginning July 1, 2021 is applied.

Given that new guidelines amounts sometimes take a while to enter practice and that an order may have been started using guidelines from a previous year by the time the order goes into effect, the proxy for income imputation using order amount for the CY2020 sample uses order amounts from the first three row clusters. The fourth and fifth row clusters both use the minimum wage income of \$10.50 per hour that would apply in CY2021, however the fourth row displays what the order would have been set to using the old guidelines, and the fifth row displays the resulting order amounts using the guidelines that went into effect in July 2021. The analysis of income imputation for the 2021 sample uses the order amounts from all five row clusters.

Exhibit 17 shows a comparison of the percentage of orders that fell into the child support amounts that corresponded to the income imputation proxy. As shown, the percentage of orders with child support amounts corresponding to imputed income appears to decrease from SFY2017 to CY2020. This difference is statistically significant.¹⁹ The decrease is more pronounced among modified orders, where the percent with imputed income declined from 12 percent in the SFY2017 sample to just 3 percent in the CY2020 sample. The decrease between the CY2020 and 2021 samples is not significant.

Nonetheless, the rates using the order proxy (as shown in Exhibit 17) are significantly less than the rate using guidelines income (as shown in Exhibit 13). The latter is probably more accurate. The order proxy would not capture the right order amount if there are add-ons for expenses such as childcare or if the custodial person has an income other than zero or full-time, minimum wage earnings.

Exhibit 17: Percentage of Orders Based on Minimum-Wage Orders

	SFY2017 Sample	CY 2020 Sample	Jul. – Dec., 2021 Sample
All Orders	13%	9%	8%
Newly Established Orders	16%	11%	11%
Modified Orders	12%	3%	2%

Exhibit 18 shows the total amount paid and compliance by whether the income imputation proxy applied. As shown, in all sample years, the total amount paid was lower for orders set using imputed income than for orders not set using imputed income. Furthermore, the percentage of support paid was significantly lower for orders based on imputed income than for those not set using imputed income. These differences are significant regardless of the year or if the order was new or modified.

Exhibit 18: Analysis of Average Payments and Percentage of Current Support Paid by Minimum Wage Orders

	Dollars Paid in Year			Percentage of Current Support Paid		
	SFY2017 Sample	CY2020 Sample	Jul. – Dec, 2021 Sample*	SFY2017 Sample	CY2020 Sample	Jul. – Dec, 2021 Sample
New Orders						
All	\$2,824	\$3,087	\$3,905	62%	67%	73%
Not Based on Minimum Wage	\$2,944	\$3,215	\$4,093	63%	68%	73%
Order Based on Minimum Wage	\$1,908	\$1,787	\$2,653	52%	53%	65%
Modified Orders						
All	\$3,142	\$4,030	\$5,550	69%	80%	100%
Not Minimum Wage	\$3,245	\$4,057	\$5,707	69%	81%	101%
Order Based on Minimum Wage	\$2,242	\$2,535	\$3,347	61%	59%	81%

*Amounts for the 2021 sample have been multiplied by four to annualize them so they are comparable to the CY2020 sample.

The number of months with payment were also better among those without imputation and better for modified than new. Among the CY2020 sample, the average number of months with payment for all orders with imputed income was 6.9, compared to 8.6 for those without imputation. Among new orders, the average number of months with payment was 6.8 for those with imputation, and 8.2 for

¹⁹ $p < .05$.

those not set using imputed income. Among modified, imputed orders paid an average of 8.0 months, while non-imputed orders paid an average of 9.6.

Analysis of Default Orders

Order entry method is not tracked on the CSED automated system. This is a common issue among other states, too. Historically, defaults and income imputation are highly correlated. Default orders may be entered if the obligated parent does not show or respond to the hearing. In such cases, it is typically at the court's discretion to use evidence of income or to impute income. A nine-state study found that the order was entered through default among 46 percent of obligated parents with imputed income.²⁰ The order was entered by default because the obligated parent did not appear at the settlement conference or court hearing, or the parent failed to provide income information. The same study found income was imputed to 37 percent of the obligated parents because the parent was unemployed or underemployed.

Minimum Orders and Low-Income Adjustments

The New Mexico guidelines provides for a low-income adjustment in two different forms: a self-support reserve (SSR) and a minimum order for incomes below the SSR. The SSR is incorporated into the schedule. As discussed earlier, the minimum support order in effect during the time that the SFY2017 and CY2020 samples were collected were \$100 per month for one child and \$150 per month for two or more children. Only 1 percent of orders in the CY2020 sample were based on the minimum support order. Based on the guidelines that became effective July 1, 2021, the minimum order changed to \$60 per month for one child and \$15 more for each additional child. Less than one percent of orders in the Jul. – Dec. 2021 sample were minimum orders. The percentage of minimum orders in the SFY2017 sample was 2 percent. The application of the SSR is not tracked in the CSED automated system, so is not analyzed.

Exhibit 19 compares the payment patterns of minimum orders over the three sample periods. As shown, orders set using the minimum order paid lower average amounts than those not set to the minimum order, regardless of the year or if the order was new or modified. The compliance rates for new orders in the CY2020 sample was 52 percent for those set using the minimum order, and 67 percent for those not set to the minimum order amount. The compliance rates for modified orders in the CY2020 sample were 86 percent for those set using the minimum order, and 80 percent for those not set using the minimum order. The differences in compliance rates in the CY2020 and 2021 samples were not significant, given the small percentage of orders that were set to minimum order amounts in either year.

The average number of months with payments which is available for the CY2020 and Jul.-Dec. 2021 samples, were 7.5 for all minimum orders in CY2020 and 5.3 for all minimum orders in the 2021 sample. This is not significantly different from the 8.0 months with payment for non-minimum orders in CY2020 and the 4.0 months with payment in the 2021 sample.²¹

²⁰ U.S. Department of Health and Human Services Office of Inspector General. (July 2000.) *The Establishment of Child Support Orders for Low Income Non-custodial Parents*. P. 16. Retrieved from [The Establishment of Child Support Orders for Low Income Non-Custodial Parents \(OEI- 05-99-00390; 7/00\) \(hhs.gov\)](https://www.hhs.gov/oei-05-99-00390/7/00/).

²¹ The number of months with payment for the July-Dec. 2021 sample is multiplied by four to annualize them so they are comparable to the CY2020 sample.

Exhibit 19: Analysis of Payments and Percentage of Current Support Paid by Application of Minimum Order

	Dollars Paid in Year			Percentage of Current Support Paid		
	SFY2017 Sample	CY2020 Sample	Jul. – Dec., 2021 Sample*	SFY2017 Sample	CY2020 Sample	Jul. – Dec., 2021 Sample
New Orders						
All	\$2,824	\$3,087	\$3,905	62%	67%	73%
Not Based on Minimum Order	\$2,855	\$3,114	\$3,996	62%	67%	73%
Order Based Minimum Order	\$651	\$759	\$240	45%	52%	33%
Modified Orders						
All	\$3,142	\$4,030	\$5,550	69%	80%	100%
Not Based on Minimum Order	\$3,180	\$4,049	\$5,703	69%	80%	101%
Order Based on Minimum Order	\$941	\$1,573	\$510	66%	86%	37%

*Amounts for the 2021 sample have been multiplied by four to annualize them so they are comparable to the CY2020 sample.

Deviations from the Guidelines

Federal regulation requires the measurement of guidelines deviations; that is, whether the order amount varied from the guidelines-calculated amount. The primary purpose for analyzing deviations is that frequent deviations may indicate parts of the guidelines that should be changed (e.g., if there are several deviations due to timesharing arrangements, the adjustment for timesharing should be reviewed and appropriately changed.)

Exhibit 20 shows the deviation rate across the three sample periods. Prior to 2017 (which is the last sample), the deviation ranged from 2.7 to 3.5 percent from 2003 through 2013, and it did not consistently increase or decrease from year to year. From 2002 through 2004, the guidelines deviation rate was less than 2 percent. The SFY2017 sample had a deviation rate of 4 percent for all orders, 6 percent for new orders, and 2 percent for modified orders. Within the 2020 sample, 8 percent of all orders had guidelines deviations; the rate was higher among modified orders (12%) than for new orders (6%). In all, this means that the overall increase in the deviation rate is driven by the increase in the deviation rate among modified orders.

Exhibit 20: Percentage of Orders Based on Deviations

	SFY2017 Sample	CY 2020 Sample	Jul. – Dec. 2021 Sample
All Orders	4%	8%	8%
Newly Established Orders	6%	6%	8%
Modified Orders	2%	12%	10%

Most (76%) deviations in the CY2020 sample were downward deviations, and 24 percent were above the guidelines amount. This is similar to the SFY2017 sample, in which 81 percent of deviations were downward, and 19 percent were upwards. In the 2021 sample, 79 percent of deviations were downwards, and 21 percent were upwards. The proportion of deviations that were upward or downward does not vary statistically between sample years.

The most common reason for deviation in the CY2020 sample (59%) was agreement by parties, followed by judge’s discretion (22%), and that the application of guidelines would lead to a substantial hardship

(19%). In the SFY2017 sample, the most common reasons remained the same, but agreement between parties was the reason for deviation in 64 percent of deviations, judge’s discretion for 19 percent, and hardship for 17 percent of deviations. In the 2021 sample, these are 54 percent, 29 percent, and 17 percent, respectively.

FINDINGS FROM THE ANALYSIS OF LABOR MARKET INFORMATION

Federal regulation (45 C.F.R. § 302.56(h)(1)) requires the consideration of:

... labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the State and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents who have family incomes below 200 percent of the Federal poverty level, and factors that influence employment rates among noncustodial parents and compliance with child support orders

The review of labor market data appears to be aimed at informing recommendations for guidelines provisions for income imputation and low-income adjustments. Recent national research found that one-third (35 percent) of nonresidential parents not living with one or more of their children under age 21 had incomes below 200 percent of poverty.²² These low-income nonresident parents were more likely to not work full-time and year-round than moderate- and higher-income nonresident parents were. About a quarter (27 percent) of low-income, nonresidents parents worked full-time year-round compared to 73 percent of moderate- and higher-income nonresident parents. An examination of labor market data helps inform why this occurs.

Further, one of the federal requirements adapted in 2016 (which the existing New Mexico guidelines meets) centers around considering the actual circumstances of the obligated parent when income imputation is authorized. This includes consideration of the employment opportunities available to the parent given local labor market conditions. The analysis in this section helps understand what employment opportunities are available statewide and locally.

The primary data sources for this section include the New Mexico Department of Workforce Solutions (DWS)²³ and U.S. Bureau of Labor Statistics.

Unemployment and Employment Rates and Labor Force Participation

The official measurement of unemployment, known as U-3, includes “all jobless persons who are available to take a job and have actively sought work in the past four weeks.”²⁴ It is measured as a percentage of those in the civilian labor force, which includes employed and unemployed individuals.²⁵ To be employed: a person must have worked at least one hour as a paid employee or self-employed or been temporarily absent from their job or business or met other criteria. Actively seeking work means

²² U.S. Congressional Research Service. (Oct. 2021). *Demographic and Socioeconomic Characteristics of Nonresident Parents*. Retrieved from <https://crsreports.congress.gov/product/pdf/R/R46942>.

²³ New Mexico Department of Workforce Solutions. (n.d.) *Labor Market Information*. Retrieved from <https://www.dws.state.nm.us/LMI>.

²⁴ U.S. Bureau of Labor Statistics. *Alternative Measures of Labor Underutilization for States, 2021 Annual Averages*. Retrieved from <https://www.bls.gov/lau/stalt.htm>

²⁵ U.S. Bureau of Labor Statistics. (Oct. 21, 2021.) *Concepts and Definitions*. Retrieved from <https://www.bls.gov/cps/definitions.htm#lfpr>

contacting an employer about a job opportunity, submitting a job application or resume, using an employment service, or a similar activity. Persons not in the labor force may not want a job, are not currently available for work, or available for work but have haven't looked in the last four weeks and may be "discouraged worker" (i.e., don't believe a job exists).

As of May 2022, the U.S. unemployment rate (seasonally adjusted) was 3.6 percent while the New Mexico unemployment rate was 5.1 percent. The unemployment rate varies significantly among New Mexico counties and urban areas. As of May 2022, two-thirds of the counties have unemployment rates below the statewide rate.²⁶ At the extreme ends are Los Alamos County with an unemployment rate of 1.9 percent and Luna County with an unemployment rate of 11.5 percent. All of metropolitan statistical areas had unemployment rates below the state average. The unemployment rates were 3.7 percent for the Albuquerque MSA, 4.7 percent for the Farmington MSA, 4.4 percent for Las Cruces MSA, and 3.5 percent for the Santa Fe MSA. The May 2022 unemployment rate was 5.1 percent for females, 5.5 percent for males, and generally lower for older workers. DWS also reports the unemployment rate by race: 4.6 percent among whites; 5.2 percent among Blacks; and 5.6 percent among Hispanics. These May 2022 rates are remarkably less than their May 21 rates that were 7.9 percent, 19.1 percent, and 9.3 percent, respectively.

All May 2022 rates are lower than their April 2020 high, which occurred during the COVID-19 pandemic quarantine. In April 2020, the U.S. seasonally-adjusted unemployment rate was 14.7 percent and the New Mexico unemployment rate was 11.3 percent.²⁷ As of April 2020, the number of unemployed New Mexicans increased by 57,290 from a year earlier. In contrast, 816,432 New Mexicans were employed in that month. The numbers underscore the drastic impact the pandemic has had on employment.

Labor Force Participation

As of May 2022, there were 903,481 New Mexicans employed and 48,385 unemployed. The New Mexico labor force participation rate was 56.9 percent.²⁸ The U.S. labor force participation rate was 62.3 percent.²⁹ Labor force participation generally declined with the pandemic and has recently risen. For example, the U.S. labor force participation rate was 63.4 percent as of February 2020, which was just before the pandemic began, and plummeted to 60.2 percent as of April 2020.

A U.S. Bureau of Labor Statistics study found that about 7 percent of those not in the labor force nationally as of July 2021 were prevented from looking for work because of the pandemic.³⁰ Other studies find the rebound rates vary by age. For example, workers of retirement age have not returned

²⁶ New Mexico Department of Workforce Solutions. (Jun. 24, 2022.) *New Mexico Labor Market Review May 2022*. Retrieved from https://www.dws.state.nm.us/Portals/0/DM/LMI/LMR_2022_May.pdf.

²⁷ New Mexico Department of Workforce Solutions. (May 29, 2020.) *New Mexico Labor Market Review April 2020*. Retrieved from https://www.dws.state.nm.us/Portals/0/DM/LMI/lmr_Apr_20.pdf.

²⁸ U.S. Bureau of Labor Statistics. (n.d.) *Region, Division, and State Labor Force Participation Rates with Confidence Intervals, Their Relationships to the U.S. Rate, and Over-the-Month Rate Changes with Significance Indicators, May 2022, Seasonally adjusted*. Retrieved from

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.bls.gov%2Fweb%2Fflaus%2Flalfprderr.xlsx&wdOrigin=BROWSELINK>

²⁹ U.S. Bureau of Labor Statistics. (n.d.) *Civilian Labor Force Participation Rate*. Retrieved from <https://www.bls.gov/charts/employment-situation/civilian-labor-force-participation-rate.htm>

³⁰ U.S. Bureau of Labor Statistics. (Feb 16, 2022.) *Labor Force Statistics from the Current Population Survey*. Retrieved from <https://www.bls.gov/cps/effects-of-the-coronavirus-covid-19-pandemic.htm>

to the labor force, but very young workers have.³¹ In fact about half of the decline nationally in the labor force is among workers of 55 years of age.

A Brookings Institute report suggests that women dropped from labor force participation to care for young children during the pandemic.³² The report found a six percent drop in the participation rate among women with young children while the drop was only four percent among women and men without young children. It also found some but a modest association between decreases in female labor force participation and the share of children in virtual or hybrid schooling in a given state. A Federal Reserve study estimates that one third of the overall decline in the labor force participation rate during the pandemic is attributable to caretaking, but not always parents caretaking their own minor children.³³

The relevance to child support is whether these are valid reasons not to impute income to employable parents who are not working. Some state guidelines actually have provisions that address extreme circumstances that share some similarities to the pandemic. For example, the Louisiana guidelines specifically mention that a party temporarily unable to find work or temporarily forced to take a lower-paying job as a direct result of Hurricanes Katrina or Rita shall not be deemed voluntarily unemployed or underemployed.³⁴ Similarly, “a natural disaster” is one of the circumstances to be considered to ensure that the obligated parent is not denied a means of self-support or a subsistence level in the Indiana guidelines.³⁵

Other Unemployment Measures

The unemployment rates above reflect the official unemployment rate (the U-3 measurement), which only measures the total percentage of the civilian labor force that is unemployed. The U.S. Bureau of Labor Statistics, however, has developed alternative measures that better reflect all persons who are unemployed, including those who are marginally attached workers (i.e., those who want to work but are discouraged and not looking) and workers employed part-time but who would work full-time if they could. The average New Mexico unemployment rate in 2021, according to this measure (called the U-6), is 9.3 percent, while the national rate of 9.4 percent.³⁶

³¹ Bauer, Lauren and Edelberg, Wendy. (Dec. 14, 2021.) *Labor Market Exits and Entrances Are Elevated: Who Is Coming Back?* Brookings Institute. Retrieved from: <https://www.brookings.edu/blog/up-front/2021/12/14/labor-market-exits-and-entrances-are-elevated-who-is-coming-back/>

³² Aaronson, Stephanie, and Alba, Francisca. (Nov. 3, 2021.) *The Relationship between School Closures and Female Labor Force Participation during the Pandemic*. Brookings Institute. Retrieved from <https://www.brookings.edu/research/the-relationship-between-school-closures-and-female-labor-force-participation-during-the-pandemic/>

³³ Montes, Joshua, Smith, Christopher, and Leigh, Isabel. (Nov. 5, 2021.) *Caregiving for Children and Parental Labor Force Participation during the Pandemic*. Board of Governors of the Federal Reserve System. Retrieved from: <https://www.federalreserve.gov/econres/notes/feds-notes/caregiving-for-children-and-parental-labor-force-participation-during-the-pandemic-20211105.htm>.

³⁴ Louisiana Revised Statute 9:315.11 C.(1).

³⁵ Indiana Rules of Court. (amended Jan. 1, 2020). *Guideline 2. Use of the Guidelines Commentary*. Retrieved from [Indiana Child Support Rules and Guidelines](https://www.in.gov/courts/child-support/rules-and-guidelines/).

³⁶ U.S. Bureau of Labor Statistics. *Alternative Measures of Labor Underutilization for States, 2021 Annual Averages*. Retrieved from <https://www.bls.gov/lau/stalt.htm>.

Hours Worked and Income Imputation

Hours worked has been used to inform income imputation policies. For example, South Dakota used labor market data on hours worked to reduce the presumption of a 40-hour workweek when imputing income since labor market data indicates South Dakota workers usually work 35 hours per week. In 2021, the average workweek in New Mexico private industries was 34.61 hours.³⁷ However, it varied by industry. For example, national data from May 2022 finds that the average is 34.6 hours per week for all total private employees, 30.1 hours per week for those in the retail trade, and 25.9 hours per week for those in the leisure and hospitality industry.

Factors Affecting Full-Time, Year-Round Work among Low-Wage Earners

There are many factors that contribute to the lack of full-time, year-round work. Some pertain to the employability of a parent, and other factors pertain to the structure of low-wage employment. A national study found that the highest educational attainment of 60 percent of the low-income, nonresident parents was a high school degree or less.³⁸ Obligated parents also face other barriers to employment. A multisite national evaluation of obligated parents in a work demonstration program provides some insights on this.³⁹ It found that 64 percent of program participants had at least one employment barrier that made it difficult to find or keep a job. Common employment barriers consisted of problems getting to work (30 percent), criminal records (30 percent), and lack of a steady place to live (20 percent). Other employment barriers noted not having the skills sought by employers, taking care of other family members, health issues, and alcohol or drug problems. Many of the participants also cited mental health issues, but few noted it as being a major barrier to employment.

Low-wage jobs do not always provide consistent hours week to week or an opportunity to work every week of the year. This causes unpredictable and erratic income, which can affect child support compliance. Over half (58 percent) of national workers are paid hourly.⁴⁰ As mentioned previously, the usual weekly hours are considerably less in some industries (e.g., leisure and hospitality). A Brookings Institute study defines vulnerable workers as those earning less than median earnings and having no healthcare benefits.⁴¹ Most vulnerable workers are concentrated in the hospitality, retail, and healthcare sectors. There is considerable turnover in some of these industries. For example, the leisure

³⁷ U.S. Bureau of Labor Statistics.(n.d.) *Establishment Data: State Hours and Earnings: Annual Averages: Table 4: Average hours and earnings of all employees on private nonfarm payrolls, by State*. Retrieved from <https://www.bls.gov/sae/tables/annual-average/table-4-average-hours-and-earnings-of-all-employees-on-private-nonfarm-payrolls-by-state.htm>

³⁸ U.S. Congressional Research Service. (Oct. 2021). *Demographic and Socioeconomic Characteristics of Nonresident Parents*. Retrieved from <https://crsreports.congress.gov/product/pdf/R/R46942>.

³⁹ Canican, Maria, Meyer, Daniel, & Wood, Robert. (Dec. 2018). *Characteristics of Participants in the Child Support Noncustodial Parent Employment demonstration (CSPED) Evaluation*, at 20. Retrieved from <https://www.irp.wisc.edu/wp/wp-content/uploads/2019/05/CSPED-Final-Characteristics-of-Participants-Report-2019-Compliant.pdf>.

⁴⁰ Ross, Martha & Bateman, Nicole. (Nov. 2019). *Meet the Low-Wage Workforce*. Brookings Institute. Retrieved from https://www.brookings.edu/wp-content/uploads/2019/11/201911_Brookings-Metro_low-wage-workforce_Ross-Bateman.pdf.

⁴¹ Jund-Mejean, Martina & Escobari, Marcela. (Apr. 2020). *Our employment system has failed low-wage workers. How can we rebuild*. Brookings Institute. Retrieved from <https://www.brookings.edu/blog/up-front/2020/04/28/our-employment-system-is-failing-low-wage-workers-how-do-we-make-it-more-resilient/>.

and hospitality industry has an annual quit rate of 55.4 percent and a 21.5 percent annual rate of layoffs and discharges.⁴² High levels of turnover contribute to periods of non-work that can depress earnings.

The lack of healthcare benefits also contributes to fewer hours, fewer weeks worked, and voluntary and involuntary employment separations. Only one-third of workers in the lowest 10th percentile of wages have access to paid sick time, compared to 78 percent among all civilian workers.⁴³ For those with access to paid sick time, the average is eight days per year. Similarly, those in the lowest 10th percentile of wages are less likely to have access to paid vacation time: 40 percent have access, compared to 76 percent of all workers. Those with paid vacation time have an average of 11 days per year. Without paid sick time or vacation time, a worker may terminate employment voluntarily or be involuntarily terminated when the worker needs to take time off due to an illness or to attend to personal matters. If a parent without access to paid sick time and paid vacation time did not work for 19 days (which is the sum of the average number of paid sick days and paid vacation days), they would miss about four weeks of work throughout the year.

Another indicator of the economic challenges of low-wage parents is the percentage of households that cannot cover a \$400 emergency expense. A Federal Reserve survey finds that 36 percent of households could not cover a \$400 emergency expense in 2020.⁴⁴ Although the Federal Reserve survey does not specifically address child support debt and considers all households and not just those where a household member owes child support, it is a salient finding when considering low-income obligated parents in a vulnerable labor market where automated child support enforcement actions (e.g., driver's license and professional license suspension) are triggered when child support is 30 days past due. The \$400 level in the Federal Reserve study is less than some child support orders.

Current Employment Opportunities and Their Pay and Educational Requirements

Exhibit 21 shows the top 10 occupations with the most new jobs as identified by the DWS.⁴⁵ It also shows the average annual pay and the typical minimum educational requirements. Many of the occupations have no formal education credential requirements or require a high school degree or equivalent. Some of these occupations pay more on average than the 2022 state minimum wage, which is \$11.50 per hour. Assuming a 40-hour workweek and 52 weeks per year of pay, state minimum wage would yield an annual income of \$23,920. The average pay of medical assistants and supervisors of construction and extraction workers pay more than that. Home health and personal care aides, fast food and counter work, and restaurant workers pay about the same as minimum wage. None of the amounts are adjusted to account for less than a 40-hour workweek or the fact that the job pay not offer sick paid or paid-time off. These factors would lower the annual earnings.

⁴² Bahn, Kate & Sanchez Cumming, Carmen. (Dec. 31, 2020). Improving U.S. Labor Standards and the Quality of Jobs to Reduce the Costs of Employee Turnover to U.S. Companies. Retrieved from <https://equitablegrowth.org/improving-u-s-labor-standards-and-the-quality-of-jobs-to-reduce-the-costs-of-employee-turnover-to-u-s-companies>.

⁴³ U.S. Bureau of Labor Statistics. Table 6. Selected Paid Leave Benefits: Access (March 2020). Retrieved from <https://www.bls.gov/news.release/ebs2.t06.htm>.

⁴⁴ Federal Reserve. (May 2021). *Report on the Economic Well-Being of U.S. Households in 2020*. Retrieved from <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-dealing-with-unexpected-expenses.htm>.

⁴⁵ New Mexico Department of Workforce Solutions. (n.d.) *Top Occupations*. Retrieved from <https://www.dws.state.nm.us/en-us/Researchers/Data/Occupational-Outlook>.

Factors that Influence Employment Rates and Compliance

Federal regulation requires the consideration of factors that influence employment rates and compliance. There is some older academic research that finds child support can affect employment among obligated parents.⁴⁶ Another study finds some weak association of changes in father's earnings with changes in orders among fathers in couples that had their first child support ordered in 2000.⁴⁷ There also are many anecdotes of obligated parents who quit working or turn to unreported employment (also called the underground economy) once wages are garnished for child support.

These studies are of limited value for this analysis because they are dated (hence do not consider today's labor market and child support enforcement practices) and not specific to New Mexico. The impact of the pandemic on employment may also overshadow other factors. Another issue is that opportunities for income from unreported employment are rapidly changing and even more difficult to research. Before the pandemic it was becoming more common to have multiple jobs where one may be unreported employment and the other may be reported employment. There is also evidence that self-employment has increased since the pandemic began. All of these dynamics limit the ability to isolate the impact that child support may be having at this time.

⁴⁶ Holzer, Harry J. Offner, Paul, & Sorensen, Elaine. (Mar. 2005). "Declining employment among young black less-educated men: The role of incarceration and child support." *Journal of Policy Analysis and Management*.

⁴⁷ Ha, Yoonsook, Cancian, Maria, & Meyer, Daniel, R. (Fall 2010). "Unchanging Child Support Orders in the Face of Unstable Earnings." *29 Journal of Policy Analysis and Management* 4, pp. 799–820.

Exhibit 21: “Most New Jobs” as Identified by DWS

	Projected Annual Job Openings	Average Annual Pay	Typical Minimum Educational Requirements
Home Health and Personal Care Aides	6,632	\$22,720	High School Degree or Equivalent
Fast Food and Counter Work	5,568	\$20,750	No formal educational credential
Registered Nurses	1,243	\$73,300	Bachelor’s Degree
Cooks, Restaurant	1,679	\$25,260	No formal educational credential
Construction Laborers	1,690	\$33,130	No formal educational credential
Medical Assistants	884	\$31,570	No formal educational credential
General and Operations Managers	1,375	\$104,430	Bachelor’s Degree
Waiters and Waitresses	3,441	\$19,940	No formal educational credential
Heavy and Tractor-Trailer Truck Drivers	1,510	\$43,650	Postsecondary nondegree award
Supervisors of Construction & Extraction Workers	878	\$65,380	High School Degree or Equivalent