

# LIS

## Working Paper Series

No. 747

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Mia Hakovirta and Merita Jokela

August 2018



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Luxembourg Income Study (LIS), asbl

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# Contribution of child maintenance on lone mothers' income in five welfare states

First Published February 13, 2018

<https://doi.org/10.1177/0958928717754295>

Mia Hakovirta and Merita Jokela  
University of Turku, Finland

Corresponding Author: Mia Hakovirta, University of Turku, Department of Social Research, 20014 University of Turku, Finland. Email: [miahak@utu.fi](mailto:miahak@utu.fi)

## Abstract

This study uses the Luxembourg Income Study (LIS data) from 2013 to study 1) the contribution of child maintenance to the income packages of lone mothers, 2) the proportion of lone mothers receiving child maintenance and the level of child maintenance for those receiving it, and 3) the extent to which child maintenance is helping families that may need it the most (those at the low end of the income distribution), compared with families with moderate or higher incomes. Our analysis covers data from five countries: Finland, Germany, Spain, UK and the USA.

Our results show that in all countries except the UK, labour income is an important source of income for lone mothers and less than 40 percent of income comes from social transfers. Child maintenance contributes significantly to the income of lone mothers, particularly in Spain, followed by the USA and Germany. We find the highest coverage of child maintenance receipt in Finland. In the other countries, only one third of lone mother households receive child maintenance. The median amounts of maintenance are the lowest in the UK and Finland but there is great variation in the level of child maintenance within countries. The comparison of the quintile groups reveals that in the USA the lone mothers in lowest income quintile do not seem to benefit as much from child maintenance compared with the highest income quintiles, whereas in Finland, Germany and Spain more lone mothers in the low-income quintiles receive maintenance. However, amounts are quite equal across income quintiles.

## Keywords

child maintenance, child support, income package, comparative study, lone mothers

## **Introduction**

Child maintenance schemes have become increasingly important with the growing number of divorces and the increased prevalence of lone-parent families across countries (for example, OECD, 2011; Chzhen and Bradshaw, 2012). What contribution does child maintenance payments make to the income package of lone mothers? Our research approaches this question by examining the different components of income sources of lone mother households and the contribution of child maintenance for their income package. This study answers the following three questions: what contribution does child maintenance make to the income packages of lone mothers, what is the proportion of lone mothers receiving child maintenance and what is the value of child maintenance for those receiving it, and finally, to what extent does child maintenance help families who may need it the most (those at the low end of the income distribution and who are poor), compared to families with moderate or higher incomes.

Our approach is comparative and we use the Luxembourg Income Study (LIS) from five countries: Finland, Germany, Spain, the United Kingdom (UK) and the United States (USA). These countries represent different types of welfare regimes but they also differ in terms of child maintenance schemes (Corden, 1999; Skinner et al., 2007; Skinner and Davidson, 2008). The comparative approach in this paper seeks to discuss the outcomes of these different child maintenance systems as they cover a wide variety of institutional arrangements that may affect the contribution which child maintenance can make to the income package of lone mothers.

The question of contribution of child maintenance is timely for several reasons. First, the economic vulnerability of lone mothers and children in lone mother families has been well documented (for example, Gornick and Jäntti, 2012; Bradshaw et al., 2017). Current debates on inequality reduction concentrate on market-level strategies (for

example, Atkinson, 2015) rather than redistribution. Another approach, the social investment paradigm, suggests that social policies should ‘prepare rather than repair’: in order to reduce inequalities, states should invest in human capital development (early childhood) and help to make efficient use of human capital while fostering inclusion through policies that support women’s and lone parents’ employment (Morel et al., 2012). Hence most of the debate concerning financial problems of lone mother families has been directed towards employment strategies and introducing work-related activity requirements (van Drenth et al., 1999; Millar, 2001) or developing making work pay policies (Kilkey and Bradshaw, 2001). Work has been seen as the best route out of poverty and investment in workfare activation has become a central theme in social policy discussion.

Employment alone, however, cannot provide an adequate standard of living for lone mothers as they still have high poverty rates despite participating in the labour force (OECD, 2011; Chzhen and Bradshaw, 2012). Therefore, we argue that among these new solutions, it is important to take into account the role of child maintenance policies (child maintenance payments or guaranteed child maintenance schemes) as they have been shown to constitute an important source of income for many lone-parent families (Rainwater et al., 1986; Hobson, 1994; Kunz et al., 2001; Rainwater and Smeeding, 2003). However, over the period of recession financial support for lone parents has been reduced and the level of support for lone mothers is less than that for couples with children (Bradshaw et al., 2017).

Moreover, the increased prevalence of lone-parent families across countries (for example, OECD, 2011; Chzhen and Bradshaw, 2012) means that more children may be eligible for child maintenance. In this context, the issue of equality in access to child maintenance should remain relevant even in the current debates on reducing inequality

(Morel et al., 2012). The overall poverty reduction effect of child maintenance payments for lone parent families depends, among other things, on the rate of receipt among the whole lone parent population but also the amounts received. Earlier studies suggest that on the one hand, child maintenance systems have often failed to increase the economic security of lone mother families and to decrease overall poverty. On the other hand, child maintenance has a relatively large impact in reducing poverty for those lone mother families who receive it (Meyer and Hu, 1999; Skinner et al., 2007; Hakovirta, 2011).

In our study, we are especially interested in whether child maintenance can actually help lone mother families with low income. This is an important question as the ‘Matthew effect’, that is, the phenomenon where the middle classes tend to be the main beneficiaries of social benefits and the rich get richer and the poor get poorer, is widely observed across advanced welfare states (DiPrete and Eirich, 2006). Our aim is to explore whether those with the lowest incomes are more likely to receive child maintenance, and the payments’ role in the overall income of lone mothers (explored by quintile groups and by poverty income groups). Following the Matthew effect, child maintenance might benefit those with the most resources as opposed to those that need it the most.

Given all this, there is a need to provide a comparative overview of the potential contribution that maintenance payments could make to incomes and poverty reduction in lone mother families. There are some earlier comparative research studies that have focused on the contribution of child maintenance payments on income packages of lone mothers (Rainwater et al., 1986; Hobson, 1994; Kunz et al., 2001; Rainwater and Smeeding, 2003) and one country analyses on the question whether those with the lowest incomes are more likely to receive child maintenance (for example, Skinner and Meyer, 2006; Skinner and Main, 2013) but less attention has been paid to crossnational

comparisons on the role of child maintenance in different child maintenance schemes and at different income levels (see, however, Rainwater and Smeeding, 2003; Skinner et al., 2017).

### **Child maintenance policies**

The child maintenance policy has been developed to secure the living standards of children after the dissolution of the parental relationship. In the broadest sense, child maintenance is defined as a regular contribution from a non-resident parent towards the financial cost of raising a child, usually paid to the parent with whom the child lives most of the time (Corden, 1999; Skinner et al., 2007; Skinner and Davidson, 2008).

Parental obligations after separation or divorce differ substantially between countries in terms of their underlying philosophy, structures, rules and organization and in particular their very different outcomes. In Anglo-Saxon countries the state is acting to enforce family obligations between parents and children. Another philosophy is followed in the Nordic and some central European countries, where at least a portion of the maintenance is ensured regularly by the state if the parent obliged to pay is unable to pay or neglects to pay it.

Skinner and Davidson (2008) have undertaken a large cross-national research project on child maintenance schemes in 14 countries, considering the logics of formal decision making, the determination of child maintenance obligations and the enforcement and penalty provisions used in the event of noncompliance. They clustered countries according to the weight given to the court and/or agency in child maintenance policy using the data they collected in 2006. At that time, three maintenance regimes were identified as operating: court, agency and hybrid. In Germany courts have the main responsibility for the determination of formal child maintenance obligations. Germany courts take a role in deciding the amount of maintenance in cases of parental

disagreement or non-payment, or where the determination of child maintenance is part of the divorce proceedings. Finland and USA locate responsibility for the determination of child maintenance obligations in several institutions. In Finland, if parents cannot reach an agreement then they must seek advice from the municipal social welfare board or the court – which both use the same formal guidelines – to help them. In the USA, most states use courts for setting child maintenance orders, which means that there is considerable variation across the federal states. The UK has an administrative body or agency which is responsible for the assessment, collection, and transference of child maintenance obligations. The UK the child support agency (CSA) makes child maintenance orders and assessments based on formulae. Skinner and Davidson's data did not include Spain, which represents a country where courts ratify private agreements and determine the amounts of child maintenance (Flaquer and Garriga, 2009) Table 1 shows the key characteristics of child maintenance policies in 2013 in the five countries studied.

**Table 1** Key characteristics of child maintenance policy in 2013

	<b>Responsibility for determining maintenance payments</b>	<b>The determination of financial obligations</b>	<b>Rules for determining amount of payments</b>	<b>Guaranteed maintenance scheme</b>
Finland	Parents or social welfare board and court if parental disagreement	Both parents' income account	Mostly discretion, informal guidelines	Yes
Germany	Parents or court if parental disagreement	Non-resident parent income	Mostly discretion, using 'support tables'	Yes
Spain	Court	Non-resident parent income	Mostly discretion, using 'support tables'	Yes
UK	Parents or CSA if parental disagreement	Non-resident parent income	Rules/formula	No
US	Court	Non-resident parent income	Formal guidelines	No

*Note:* In the US, there is considerable variation across states

*Source:* Skinner and Davidson (2008); Spain: Flaquer and Garriga (2009)

In respect to determining the amount of child maintenance payments, Finland is the only country that considers both parents' incomes. In other countries the income of parent with care (usually mother) is not taken into account when calculating the amount of child maintenance. In contrast, it is the non-resident parent (usually father) whose incomes and expenses are used to determine the amount of paid child maintenance. The rules for calculating the maintenance amounts also vary between countries from rigid formula to (mostly) discretion. In the UK and the US formal rules are used while other countries operate with informal guidelines or discretion. However, the method of calculation alone is inadequate in capturing levels of maintenance awards, as discretion exists even if there are formal guidelines (Skinner et al., 2007).



Three countries, Finland, Germany and Spain, operate with guaranteed maintenance schemes. In a guaranteed maintenance system the state pays the child maintenance payment directly to the parent with care and collects it from the other parent, assuring that child support payments ordered are, in fact, made. Thus the payment is part of the social transfer system (Skinner et al., 2007). In Finland, the government, under certain conditions, guarantees the payment of maintenance for lone parents until the child turns 18, if the non-resident parent is unable or unwilling to pay (Hakovirta and Hiilamo, 2012). Germany limits the guaranteed payments to a maximum duration of 72 months or until the child turns 12 years (Skinner et al., 2007), which may restrict many lone mothers in their receipt of guaranteed maintenance<sup>1</sup>. In Spain, the guaranteed maintenance scheme (Fondo de Garantía del pago de alimentos) guarantees to pay up to €100 per month per child if the lone parent's income falls under a certain income limit. The maximum duration of the guaranteed maintenance payment is 18 months.<sup>2</sup>

It would seem, therefore, that countries have adopted different ways to take charge of the maintenance and it is almost certain that these diverse maintenance schemes also have different outcomes in terms of the contribution child maintenance can make to the income package of lone mothers.

### **Income package of lone mothers and the role of child maintenance payments**

Typically, lone mother households have three main possible sources of income: the labour market, the welfare state and the non-resident parent. Previous studies suggest that during the last decades, lone mothers have been able to reduce their dependence on men and to increase the amount of income they obtain from the labour market and the state (Rainwater and Smeeding, 2003). Labour market participation among lone mothers differs across countries and therefore the contribution of earnings on their income

package may vary. Across countries most lone mothers depend on some type of cash or in-kind public benefits for a substantial proportion of their income. Once in work, lone mothers can secure no more than one earned income to support their families. Even when earning and when supplementing those earnings with in-work benefits, lone mothers often receive the bulk of their income from other social transfers. When out of work, most lone mothers claim means-tested benefits (Bradshaw et al., 2017). All lone mothers' income package comes from these different sources, but the way in which they do so varies from one country to another.

According to Bradshaw, Keung and Chzhen (2017) the welfare state provides financial support for low-paid lone parent families in almost all countries in the OECD and in some of these countries, generally the richer ones, that financial support presents a substantial portion (more than 40 percent) of net incomes. Much of that financial support is means-tested and the support is reduced at higher wage levels. However, at average earnings lone parents receive some financial support from the state in all but seven countries. However, their study did not include child maintenance policy.

The very first comparative studies on income packaging of lone mothers by Rainwater, Rein and Schwartz (1986) confirmed that about one-third of lone mother families in Sweden, US and UK had other family members contributing to their income. In Sweden private transfers were 13 percent of total income compared to 23 percent in the UK and 34 percent in the US. Hobson (1994), comparing income packages in five countries, showed that private transfers made up a very small proportion of lone mothers' income. Not more than 7 percent of lone mothers received the main part of their income from private sources in Germany, the UK and the USA. Kunz, Villeneuve and Garfinkel (2001) found that the contribution of child maintenance to the net income of those receiving it fluctuated from 10 percent in Finland to 26 percent in the UK. Based on LIS

data from late 1990s, Rainwater and Smeeding (2003) revealed that child maintenance payments averaged about 10 percent of median income in Norway and Sweden which represented almost half of the poverty line of those countries. However, in Finland child maintenance payments are quite low and lift out from poverty comes more from child allowances and labour market incomes. In Anglo-Saxon countries, Australia, UK and US just over one third of lone mothers were recipients and child maintenance average to median income ranged from 8 percent in US to 21 percent in the UK.

Moreover, Bradshaw and Finch (2002) examined child benefit packages and found that countries use different mixes of mechanisms for delivering help to families. The value of the help varied by family type and size, the age of the child and by earnings level. Nordic countries were most generous to lone parents while other countries favoured couples over lone parents. Bradshaw, Keung and Chzhen (2017) revealed that lone parents' net wages made up the majority of net income in all OECD countries. However, lone parents in every country in the OECD, except Turkey, have some contribution from the state in the form of cash transfers. In Ireland, this forms nearly half of the net income and in ten countries (Ireland, Denmark, Slovakia, Finland, Japan, Bulgaria, Sweden, Australia, Slovenia, and the UK) it exceeds 40 percent of lone parents' income. The main component of transfers in most countries is family benefits – income-tested and non-income-tested cash benefits targeted at children. However, neither of the studies above included private child maintenance, which means that the total incomes of lone parents may be underestimated.

There are some studies, albeit for only a limited number of countries, that have focused on the contribution of child maintenance payments on lone mothers' income in different income levels. The rationale for studying the distribution of child maintenance on different income levels is that child maintenance has typically been viewed as the last

income resort for low-income mothers. Furthermore, it is expected that those lone mothers who can afford to reduce the involvement of the father by not taking child maintenance payments are more likely to be at the top income levels (Skinner and Meyer, 2006). Skinner and Meyer (2006) found that in the UK lone mothers who are already relatively better off are more likely to receive child maintenance and lone mothers who receive child maintenance tend to receive similar median amounts, regardless of their income levels. Moreover, child maintenance is a more important part of the income package for lone mothers with low incomes than for those with higher incomes. A later study by Skinner and Main (2013) found a similar trend using 2008–2009 data from UK. They showed the higher relative value of child maintenance for the income packages of the very poorest lone mothers (Skinner and Main, 2013). In Australia, in 2011, 57 percent of all lone mothers reported receiving child support payments and both the number of lone mothers receiving child support and the median amounts received tended to decrease across the higher income groups (Skinner, Cook and Sinclair, 2017).

The information on the relationship of child maintenance and poverty is useful in examining how child maintenance is working for lone mothers with the lowest incomes. Earlier studies show that the contribution that child maintenance makes in reducing overall child poverty is modest. This is because in some countries only a small proportion of children living in lone mother households are receiving child maintenance and since the proportion of child maintenance in lone parents' total income varied, the poverty reduction effect is also different across countries. However, child maintenance can have a relatively large impact in reducing poverty for those who do receive it (Meyer and Hu, 1999; Skinner et al., 2007; Hakovirta, 2011; Cuesta and Meyer, 2014).

Beyond these studies, there has been little recently published research on the importance of child maintenance in the income package of lone parents and no

comparative research whether those with the lowest incomes are more likely to receive child maintenance in those most vulnerable families exist. The contribution of this article is that our approach is broad, and we do not focus only on income package or income sources. Our analysis also contrasts the ways in which child maintenance is working among those with various levels of income.

## **Data, method and descriptive statistics**

### *Data*

For the empirical analysis we use the Luxembourg Income Study (LIS) database from 2013 for five countries: Finland, Germany, Spain, the UK and the USA. LIS database provides harmonized microdata on individual and household level collected from around 50 countries. The datasets include information on household composition, incomes, expenditure and employment. The distinct advantage of using LIS income data is that incomes are harmonized to a common template to ensure comparability across countries. The data enables us to disaggregate income and examine the variety and balance of income sources, thereby facilitating cross-country comparisons. However, results from this study should be interpreted in the context of some limitations. The information in the LIS on child maintenance does not separately identify child maintenance and alimony (money for living expenses paid to the spouse over and above the money given for child maintenance), though this may not be a major problem as very few households receive alimony (Meyer and Hu, 1999). Moreover, it is not possible to disaggregate guaranteed maintenance in all countries and this limits the number of countries that can be included. In this study, lone mother households are defined as female-headed households with one adult (no partner or adult relatives) and her under 18-year-old child or children. Widows are excluded from this study as they are not eligible for child maintenance. Here we limit

the analysis only to lone mothers as the proportion of fathers receiving child maintenance is marginal (see Appendix 1). Table 1 presents the unweighted sample sizes for each country and the demographic characteristics of our sample of lone mothers are described in Appendix 1. In brief, in all countries, lone mothers tend to be 25 or older except in the UK, where around 13 percent of lone mothers are under 25 years old. Those with the lowest education were in Spain, and with the highest education in Finland and in the US. Most lone mothers have one or two children, three or more children tend to be less frequent. Employment rates are fairly high in all countries examined, except in the UK. Unemployment among lone mothers is most prevalent in Spain and in Germany, while UK has the highest proportion of homemakers. Generally, part-time jobs tend to be less prevalent in Finland, and this is also reflected in lone mothers' employment contracts that are mostly full-time. In other countries, particularly the UK and Germany, prevalence of part-time employment is high among lone mothers.

In order to analyse lone mother households' income sources and assess the contribution of child maintenance, we use the income packaging approach. The income package approach in social policy analysis is fruitfully used in studies on how different welfare states provide an acceptable standard of living for different demographic groups, such as lone mothers (for example, Rainwater et al., 1986; Hobson, 1994; Bradshaw et al., 2017), families with children in general (Rainwater and Smeeding, 2003; Bronchetti and Sullivan, 2004) or for older women (Gornick et al., 2009), among others.

#### *Income indicators*

Our analysis on lone mothers' income packages covers four types of income sources: 1) child maintenance, 2) labour income (earnings), 3) social transfers and 4) other income. All incomes are calculated as mean proportion of households' yearly gross total income.

Child maintenance refers to monetary alimony or child support received from the non-resident parent. In the case of Finland and Germany that also have a guaranteed child maintenance system, we also included the guaranteed child maintenance received by the lone mother. Unfortunately, disaggregated data on guaranteed child maintenance is not available for Spain, which means that in the income package calculations it is a part of general social transfers.

To measure the amount and proportion of child maintenance of lone mothers' income we use absolute measure (the amount received) and dichotomous measure (does the household receive child maintenance). It should be borne in mind that in the LIS data, we cannot distinguish between child support and alimony, that is, a spousal provision for their ex-partner after separation. Very few receive it (see, for example, Meyer and Hu, 1999), but for example in the original US data (Current Population Survey) the statistical descriptive of amounts of child maintenance are slightly different to the LIS data (Grall, 2016). However, LIS child maintenance variable and approach have been used in earlier comparative studies on child maintenance policies (Skinner et al., 2007; Hakovirta, 2011; OECD, 2011) and results are therefore comparable with other LIS studies.

#### *Income groups and poverty analysis*

In order to compare the contribution of child maintenance on lone mothers' income in different income levels we use two measures, poverty threshold based on 60 percent of median disposable income of total sample and income quintile groups based on income distribution among lone mother households. The extent to which child maintenance is helping families that may need it the most, compared with families with moderate or higher incomes broadly represents the approach adopted in earlier studies (Skinner and Meyer, 2006; Skinner and Main, 2013; Skinner, Cook and Sinclair, 2017). Both income

groupings (income quintile groups and poverty line) are calculated based on pre-child maintenance disposable household income. Household disposable income is the sum of market income, private transfers and social transfers, excluding net of income taxes and mandatory payroll taxes.

Following the best practices of the LIS database and earlier studies on LIS, we use equivalence scale and top and bottom coding for disposable household income. Income is adjusted for family size, using the square root equivalence scale. Top and bottom coding refers to adjusting the extreme values, that is, bottom-coding at 1 percent of equalized mean income and top-coding at 10 times the median of non-equalized income. Poverty threshold is 60 percent of median income.

In the LIS data, the different income types are given in national currencies, which means that they have to be made commensurable before they can be compared. In comparing incomes, we use percentage shares of absolute income units and purchasing power parities. Purchasing power parity comparisons have been made by using the year 2013 OECD Purchasing Power Parity rates that allows for currency to be adjusted in a given country in USD.

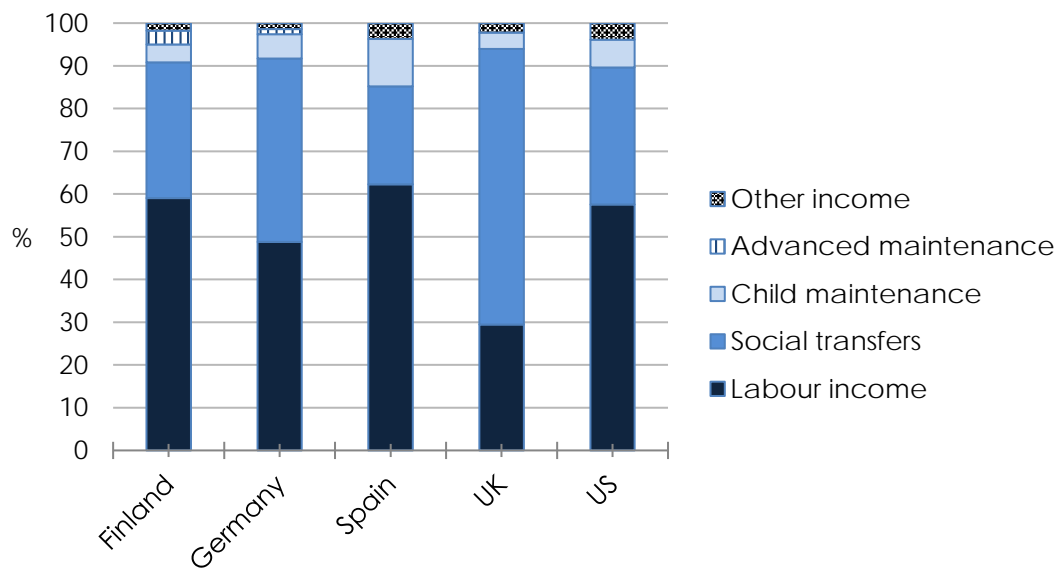
## **Results**

### *The contribution of child maintenance on lone mothers' income package*

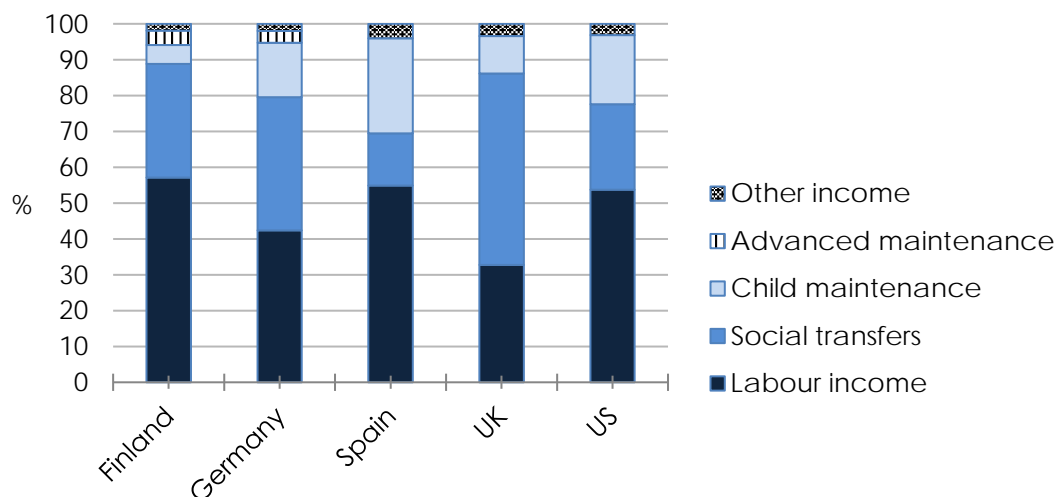
Figure 1(a) depicts lone mother households' disaggregated income packages for all lone mothers and (b) for lone mothers who receive child maintenance payments. We find a striking difference between the income package of lone mothers in the UK and the other four countries: in Finland, Spain and the US over half of lone mothers' income comes from earnings, while in the UK, earnings constitute only around 30 percent of lone mothers' total income. The most significant source of income for lone mothers in the UK



comes from social transfers. The result is consistent with the low employment rate of lone mothers in the UK. If we compare the distribution of income sources of lone mothers receiving child maintenance we find a very similar pattern: for those lone mothers who receive child maintenance, labour market income is the most important source of income in all countries, except the UK, where social transfers are the main source of income.



**Figure 1a** Distribution of income sources of lone mothers



**Figure 1b** Distribution of income sources of lone mothers receiving child maintenance.

Furthermore, we find that the role of child maintenance payments of total income differs greatly across the five countries studied. Child maintenance payments contribute significantly to lone mothers' income particularly in Spain, followed by the USA and Germany. In Spain, child maintenance constitutes one fourth of lone mothers' income package in households that receive child maintenance. In the USA and Germany, the share is also relatively high, nearly 20 percent. Although Finland operates with guaranteed child maintenance schemes, the share of child maintenance payments and guaranteed maintenance of lone mothers' total income is relatively low compared to other sources of income, at around 10 percent.

#### *Recipients and amount of child maintenance*

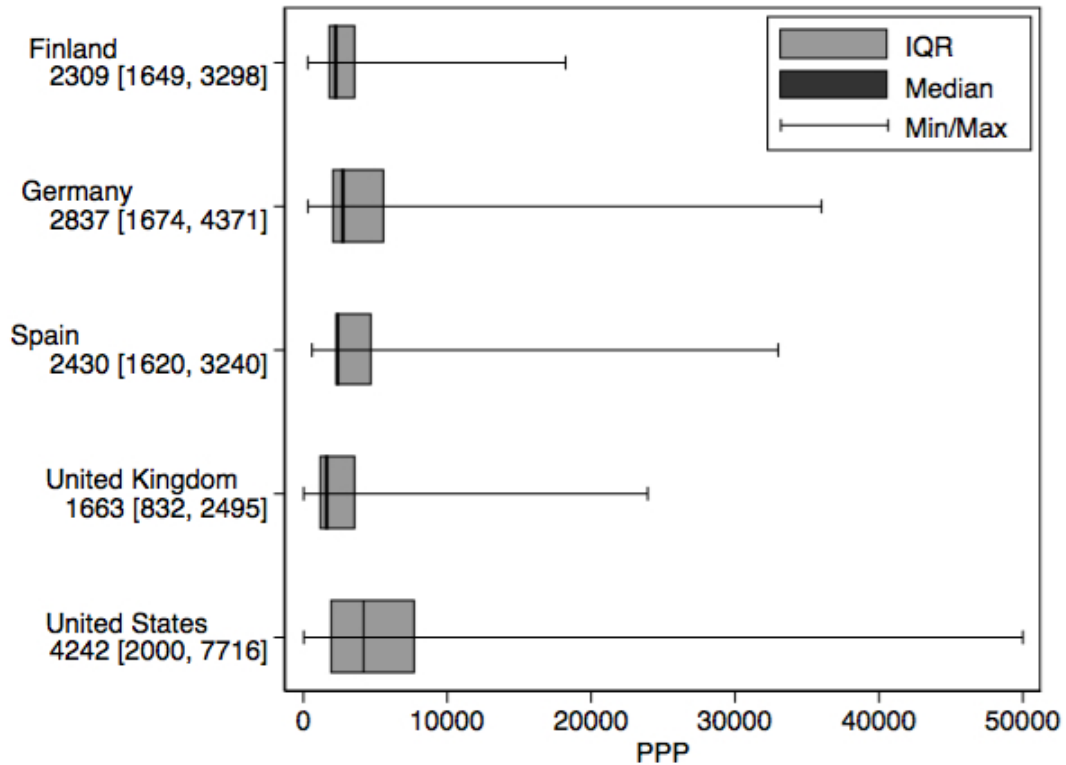
Table 2 presents the proportion of lone mothers receiving child maintenance and the amount of child maintenance payments in the five countries studied. We find highest coverage of child maintenance receipt in Finland where 80 percent of lone mothers receive child maintenance or guaranteed child maintenance. Despite the availability of guaranteed payments, over 60 percent of lone mother households in Germany do not receive child maintenance nor guaranteed payments. The figure is surprisingly close to the figures of the three other countries (Spain, UK and the USA) that do not have a guaranteed maintenance system and only rely on child maintenance from the non-resident parent.

**Table 2** Proportion of non-widowed lone mother families receiving child maintenance (CM) and value in PPPs of the total amount of child maintenance for those non-widowed lone mother families receiving it

	Lone mother families, N	Receiving CM	Proportion (%) receiving CM	Mean CM in US\$ppp	Median CM in US\$ppp	SD
Finland	276	214	80.25	2943	2 309	2 032
Germany	1211	471	37.61	3699	2 837	3 019
Spain	273	128	42.02	3175	2 430	3 035
UK	1422	516	36.84	1933	1 663	1 799
US	2796	1018	34.06	7152	4 242	12 798

*Source:* Own calculations based on Luxembourg Income Study 2013

The comparison of annual amounts of child maintenance shows that great variation exists in the level of the payments across and within countries. The highest median amount of child maintenance payments, US\$4,242 is reported in the USA and lowest amount, US\$1,663 in the UK. As the comparison of mean and median amounts show, the level of child maintenance payments vary considerably between households, particularly in the USA. This can be seen from Figure 2, which presents the boxplot which is a standardized way of displaying the distribution of data based on the five-number summary, minimum, lowest quartile, median, highest quartile, and maximum and it allows us to compare distributions of child maintenance across countries.



**Figure 2** Distribution of child maintenance across countries

The results reveal that in the US there is the greatest in country variation in child maintenance whereas in Finland there is less variation.

*Child maintenance receipt by income quintiles and poverty status*

Next, we examine the extent to which child maintenance is helping lone mother families that may need it the most, that is, those at the low end of the income distribution. In order to analyse the role of child maintenance payments for the economic wellbeing of lone mothers with low income, we compare the prevalence of child maintenance receipt and the amount of child maintenance payments between income groups for lone mothers who receive child maintenance. For the comparison we use two income measures: income quintile groups among lone mother households and poverty threshold measured by 60 percent of median income for total population. Both income groups are formed using

households' disposable income. It should be borne in mind that this analysis represents a sub-sample of lone mothers in each country rather than the whole sample, and that lone mothers are generally worse off than other household types. This means that when analysing income quintile groups, those in the highest income quintile among lone mothers may not be among the wealthiest in the whole data. We also calculate how child maintenance reduces child poverty.

In Table 3 we examine the proportion of the lone mothers receiving child maintenance and the median amount of child maintenance received by income quintiles. The comparison of pre-child maintenance quintile groups reveals that there are significant differences between countries regarding the proportion of lone mother households receiving child maintenance. In Germany, lone mothers with low income seem to benefit most from child maintenance as the proportion of lone mothers receiving child maintenance payments is highest in the two lowest income quintiles, and lowest among the wealthiest income group. In Finland it is the second and third lowest income quintiles that are most likely to receive child maintenance payments from non-resident parents. In Spain there are no significant differences between incomes quintiles, except that lone mothers in the second quintile are less likely to receive child maintenance payments than the other income groups. Smallest variation between income quintiles is found in the USA where lowest income groups are unlikely to benefit from the child maintenance system more than the highest income quintiles. In the UK, it is clearly the highest income groups that have a greater likelihood of receiving child maintenance payments from the non-resident parent.

**Table 3** Proportion (%) of the lone mothers receiving child maintenance and the median amount of child maintenance (CM) in US\$ppp received by income quintiles.

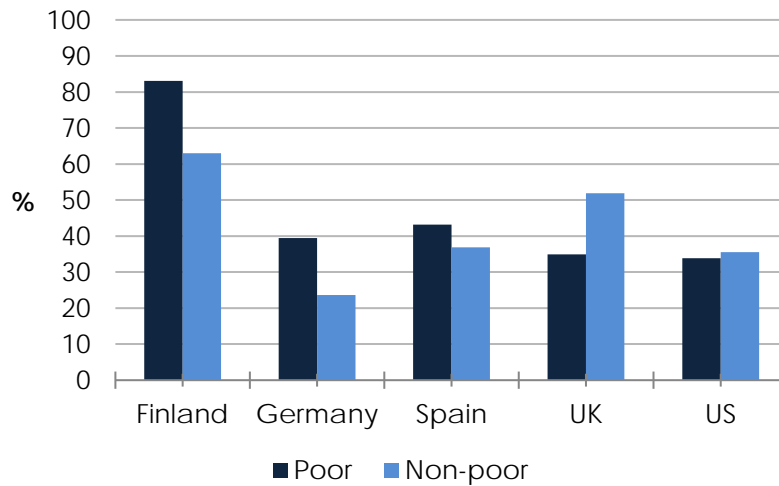
	Lowest	2	3	4	Highest
<b>Finland</b>					
Receiving CM (%)	74.25	91.15	87.22	77.05	71.48
Median CM received	2336	2172	1955	2336	3258
<b>Germany</b>					
Receiving CM (%)	46.68	42.45	30.38	37.81	30.91
Median CM received	3106	2093	2837	2790	3698
<b>Spain</b>					
Receiving CM (%)	44.86	30.38	45.79	50.07	38.8
Median CM received	2430	2430	2430	2430	2228
<b>UK</b>					
Receiving CM (%)	24.95	33.74	34.63	44.52	46.4
Median CM received	1446	1289	1663	1663	1996
<b>US</b>					
Receiving CM (%)	32.76	34.7	32.98	30.05	39.81
Median CM received	4242	2904	4400	4800	4992

*Source:* Luxembourg Income Study, 2013.

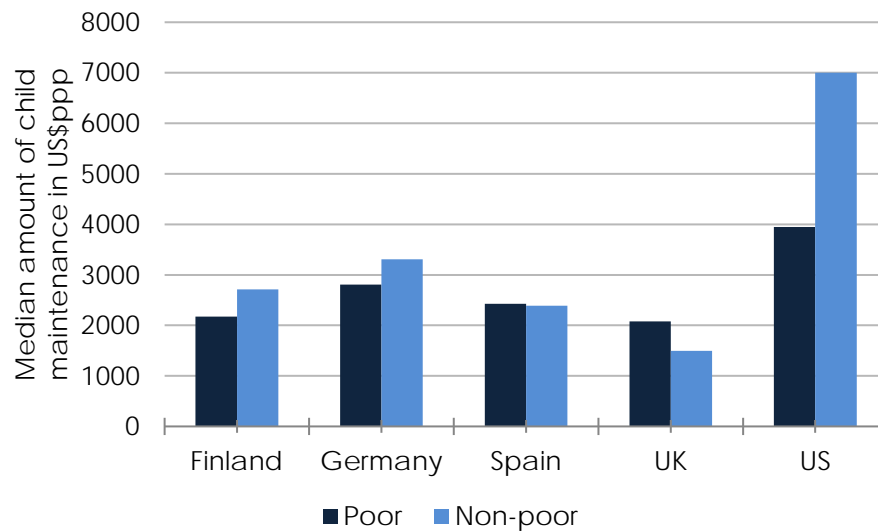
Table 3 shows that the distribution of child maintenance payments across income quintiles is surprisingly similar across countries: lone mothers in the highest quintile tend to receive highest amounts of child maintenance payments while the lowest amounts are usually received by the second or third income quintile. The exception in this case is Spain, where the median amount of child maintenance payments hardly differs across income quintiles.

Figure 3 and 4 show the results of proportion of lone mothers receiving child maintenance according to poverty status and the median amount of child maintenance by poverty group. In Finland and in Germany, lone mother households living in poverty are much more likely to receive child maintenance payments than wealthier households. A similar result is reported in Spain, although the difference is not as significant as in the two other countries. In contrast in the UK, child maintenance payments are more prevalent among wealthier lone mother households than those under the poverty threshold. In the USA, the difference in child maintenance receipt between the two

income groups is not significant. It seems that poor lone mothers are the least likely to receive child maintenance in the UK and also in the USA only about one third of poor lone mothers receive child maintenance.



**Figure 3** Proportion (%) of lone mother families receiving child maintenance according to pre-child maintenance poverty line.



**Figure 4** Median amount of child maintenance received in lone mother families according to pre-child maintenance poverty line

When comparing the median amounts of child maintenance received by poverty groups the results show that the UK is the only country where lone mothers below poverty threshold receive clearly higher amounts of child maintenance than non-poor lone mothers. In Spain the difference is very small, while in all other countries wealthier lone mother households receive higher amounts than those below poverty line.

**Table 4** The role of child maintenance in reducing child poverty (60% of median income) in lone mother households receiving child maintenance, %

	Child poverty before consideration of child maintenance receipt	Child poverty after consideration of child maintenance receipt	Absolute reduction	Relative reduction	Reduction in poverty gap as a result of child maintenance
Finland	53.3	33.0	20.3	38.0	50.0
Germany	69.8	48.7	21.1	30.3	47.8
Spain	54.2	35.1	19.2	35.3	53.8
UK	28.3	16.7	11.7	41.2	40.0
US	65.4	51.6	13.8	21.1	32.1

*Source:* Luxembourg Income Study 2013

In Table 4 we explore the role of child maintenance in protecting children from poverty in lone mother households who are recipients of child maintenance. Table 4 depicts the child poverty rates for lone mother households before and after consideration of child maintenance receipt. Before consideration of child maintenance, over half of lone mother households receiving child maintenance fall below poverty line in all countries except in the UK where in the absence of child maintenance, less than one third of children would live in poverty. In relative terms, the impact of child maintenance in poverty reduction is highest in the UK and in Finland while in the US, child maintenance is less efficient in lifting children in lone mother families above the poverty line.



## **Discussion and conclusions**

The objective of this study was to evaluate the income sources of one of the particularly vulnerable groups, lone mothers, and especially the contribution of child maintenance. Before summarising the results, it is important to acknowledge some limitations of the analysis. Our data is from 2013 and in some countries the legislation concerning child maintenance has been reformed after that. For example, in the UK, the Child Maintenance Service from 2014 was set up with a very different focus to earlier schemes of child maintenance. It reflects a stronger emphasis on parental responsibility, acknowledging that both parents are financially responsible for their children and parents who are able to should be encouraged and supported to make their own arrangements. In Finland, the Ministry of Justice was recently set to gather information regarding changes in the child maintenance scheme and it has been suggested that the law should be updated. These examples show that child maintenance policies are being reassessed in many countries.

Furthermore, in this article we analysed child maintenance regimes from the perspective of lone mothers, who are receivers of the maintenance. In order to assess the overall success of the different regimes, we should acknowledge the requirements of all participant groups involved, including resident parents, non-resident parents, and the state. Our approach focused on measuring the performance of the five child maintenance regimes for lone parents in regard to following criteria: 1) relative value of maintenance (income package), 2) the proportion of lone mother families receiving child maintenance (access), 3) monetary value of child maintenance received, and 4) how maintenance benefits those who need it most (income quintile and poverty reduction).

First, our findings reveal that the role of child maintenance as a source of income differs between countries. In Finland, more lone mothers receive child maintenance but

it's contribution as income source is less significant. Usually it is the total social benefit package and incomes from the labour market that can help lone mothers, not only special benefits targeted to lone parents (see also Bradshaw et al., 2017). Instead in Spain and the US child maintenance is a more important source of income especially for those lone mothers receiving it. In Spain, the contribution of child maintenance on income may be slightly higher as our data does not include guaranteed maintenance. On the other hand in Spain, guaranteed child maintenance's contribution is expected to be low, because the new regulation of guaranteed child maintenance is very restrictive and only lone parents with very low income are entitled to apply (Flaquer, 2011). The significance of child maintenance is generally less important – less than 10 percent of total income of all lone mothers – and it is rather labour income and other social transfers that are important for lone mothers. Hence the results partly support the general poverty reduction theories that emphasize the role of market level strategies, such as employment policies (for example, Atkinson, 2015). However, child maintenance is a significant source of income for those receiving it and as our results show, child maintenance still plays a role in the total income package of lone mothers.

Second, there is great variation in the coverage and access of children on maintenance and the level of the child maintenance across and within countries. In Finland the coverage is high but the median amounts are low compared to other countries. In other countries about one third of lone mothers receive child maintenance, but those who receive the amounts are higher, especially in the US and Spain. One explanation might be the different enforcement policies. For example, in Finland the records on overdue maintenance and maintenance debts are fairly comprehensive and they give a strong indication that non-compliance remains a problem (Hakovirta and Hiilamo, 2012). In Spain child maintenance is rarely enforced, because court proceedings

are slow and expensive and lone parents simply cannot afford lawyers. This means that those who should receive child maintenance from the non-resident parent do not receive it. Another explanation may be that more children who are eligible to child maintenance live with never-married women than to formerly married women. This may be one plausible reason that child maintenance policies appear not to cover all children entitled to it, because never-married women are less likely to receive child maintenance (Cuesta and Meyer, 2012).

Third, we studied the Matthew effect and the contribution of child maintenance to the economic wellbeing of lone mothers in different income levels. Similarly to earlier research, we found that in the UK, lone mothers who are already better off are more likely to receive child maintenance (Skinner and Meyer, 2006; Skinner et al., 2017). However, as our cross-country comparison shows, it seems not to be the case in every country. The comparison of the income quintile groups reveals that in the USA the lowest income groups do not seem to benefit as much from child maintenance compared with the highest income quintiles, which is in accordance with earlier research. One explanation that has been presented is the homogamy of marriages, which might mean that mother's ex-partners are better off and they have more ability to pay. Our results show that in contrast to the UK and the US, in Finland, Germany and Spain more lone mothers in the low-income quintiles and below the poverty threshold receive maintenance. This may be related to child maintenance policy. For example, in UK and US in the determination of child maintenance the income of the resident parent is not taken into account whereas in Finland there is an income share model. It indicates that both parents' resources are taken into account when assessing the maintenance level. The policy aims to increase the fairness and equal responsibility of both parents rather than necessarily increase the level of child maintenance payments. An adequate child

maintenance obligation that matches fathers' ability to pay may also increase their likelihood to share the economic responsibility (Huang et al., 2005).

The advantage to lone mothers who are better off does not continue across income groups when it comes to median amounts of child maintenance. The amounts are quite equal across countries and income quintiles and lone mothers tend to receive about the same amount in every income level which is consistent with the earlier studies from the UK (Skinner and Meyer, 2006; Skinner and Main, 2013). It would suggest that non-resident parents are paying similar amounts of child maintenance no matter what their incomes are, and suggesting that maybe low-income non-resident parents may even pay relatively more. However, for some low-income fathers, child maintenance payments may be too high (Huang et al., 2005).

Our main conclusion is that child maintenance is not the primary source of income for lone mother families but it may help many lone mother families that receive it. However, it does not benefit the majority of lone mothers and not those at the bottom of income distribution. Still, child maintenance can make a real difference in children's standard of living when incomes are low, and, if received, it can reduce poverty.

The policy recommendations that stem from these findings remain contested in all countries. First, legal right to support children is no guarantee that maintenance is received. We suggest that children from separated parents should all have access to child maintenance. One strategy is to enforce payments but problems arise when non-resident fathers have limited ability to pay their orders. It would seem fruitful to enforce payments in the pursuit of poverty reduction for lone mother families, but this may impoverish paying fathers depending upon the rules that define capacity to pay and might push children in new families to poverty. Therefore, only by increasing fathers' earnings and potential to pay, can more children have access to payments. In determining the amount

of child maintenance, the system should consider mechanisms to evaluate fathers' true economic situation and ensure that obligations are aligned with their status. Changes in living circumstances and unstable employment should also be considered as fathers' paying capacity might fluctuate during the year. Also, if the aim of the policy is that both parents are responsible for financially supporting their child, both parents' incomes could be taken into account.

If protecting against poverty has been an implicit part of child maintenance policy aims (Skinner et al., 2012) but the lowest income groups of lone mothers do not receive maintenance, how can the policy benefit low-income mothers and reduce poverty? From the perspective of low-income lone mothers who are relying on social assistance, a key question is what happens when non-resident parents pay child maintenance on behalf of a family receiving social assistance (see Skinner et al., 2017). If they could keep at least a proportion of the payments it would guarantee a minimum level of child maintenance to the lone parent household and reduce poverty.

**Appendix 1** Descriptive statistics (%)

	Finland	Germany	Spain	UK	US
<b>Age</b>					
18–24	3.1	2.9	1.3	12.5	7.3
25–34	20.3	25.0	11.1	30.4	34.7
35–49	60.0	59.7	74.4	48.4	48.6
50+	16.6	12.4	13.2	8.7	9.5
<b>Education</b>					
Low	10.8	17.2	35.9	15.3	11.6
Medium	52.8	61.5	22.0	63.0	53.0
High	36.4	21.3	42.1	21.7	35.4
<b>Children</b>					
Living with children aged under 6	26.5	22.1	22.0	42.8	36.0
Living with children aged 6–12	37.6	41.9	43.1	32.8	39.6
Living with children aged 13–17	35.9	36.1	34.9	24.4	24.4
<b>Number of children</b>					
1	49.8	54.3	54.3	43.4	38.7
2	35.6	34.1	36.4	36.9	36.7
3	10.1	8.5	8.8	14.0	16.9
4	3.3	2.1	0.5	3.9	5.5
5+	1.3	1.0	0.0	1.9	2.3
<b>Activity status</b>					
Employed	74.7	70.7	71.6	60.1	75.4
Retired	2.0	1.8	0.0	0.2	0.2
In education	8.0	2.3	0.0	2.4	2.3
Homemaker	6.5	6.3	1.1	21.4	8.8
Disabled	0.0	0.0	2.1	7.2	6.4
Unemployed	8.8	19.0	25.2	8.8	6.9
<b>Job characteristics for those employed</b>					
Full-time employed	90.6	56.7	72.5	39.9	79.8
Part-time employed	9.4	43.3	27.5	60.1	20.2
<b>Weekly hours worked</b>					
1–19	3.2	14.4	13.2	29.5	4.2
20–34	14.7	37.1	16.2	36.9	18.3
35–44	75.4	35.4	57.0	26.3	67.5
45+	6.7	13.2	13.6	7.3	10.0
<b>Occupation</b>					
Managers and professionals	21.7	19.8	21.8	17.2	24.5
Other skilled workers	70.6	68.1	53.8	68.8	68.7
Labourers/elementary	7.7	12.2	24.4	14.0	6.8

Proportion (%) of lone mothers vs. lone fathers of families receiving child maintenance (N)

Lone mothers	92.9 (217)	97.7 (468)	89.3 (279)	91.2 (1405)	85.5 (2890)
Lone fathers	7.1 (17)	2.4 (11)	10.7 (34)	8.8 (136)	14.5 (489)

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*Source:* Luxembourg Income Study.

*Note:* Activity status refers to activity status in income reference period (for UK current activity status).

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1 In July 2017, the scheme was changed to apply to children under 18 years old with no maximum period. See

<https://www.bmfsfj.de/blob/93500/0caab0f096677ab72724ba27b75c2175/der-unterhaltsvorschuss-data.pdf>

2 Real Decreto 1618/2007, de 7 de diciembre, sobre organización y funcionamiento del Fondo de Garantía del Pago de Alimentos. Available at [www.boe.es/buscar/doc.php?id=BOE-A-2007-21500](http://www.boe.es/buscar/doc.php?id=BOE-A-2007-21500)