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RESEARCH REPORT

LINKING FAMILY CHANGE, PARENTS' EMPLOYMENT AND INCOME AND CHILDREN'S ECONOMIC WELL-BEING: A LONGITUDINAL PERSPECTIVE

An Analysis of the National Longitudinal Survey of Children and Youth

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Linking Family Change, Parents' Employment and Income and Children's Economic Well-Being: A Longitudinal Perspective

An Analysis of the National Longitudinal Survey of Children and Youth

Phase 1 of a three-part project commissioned by the Department of Justice Canada on: The Impact of Parent's Family Transitions on Children's Family Environment and Economic Well-Being: A Longitudinal Assessment

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The research and analysis are based on data from Statistics Canada and the opinions expressed do not necessarily represent the views of the Department of Justice Canada.

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EXECUTIVE SUMMARY

This report was commissioned by the Family, Children and Youth Section of the Department of Justice Canada to continue analyses of data from the Family History and Custody section of the National Longitudinal Survey of Children and Youth (NLSCY). The study is based on data collected on approximately 15,000 children, aged 2 to 13 years at the time of Cycle 2 (1996-97), who were part of the first cycle of the NLSCY (1994-95). This is one of Canada's foremost data sources for studying the development and characteristics of Canadian children and their families.

Having these two cycles of data allows the examination of cases in which families had broken apart between 1994-95 and 1996-97. This enables, for the first time, analyses based on the situation "before" and "after" certain family transitions, such as parents' separation or family recomposition, thereby providing new insight into the relationship between family change, income and labour force participation. It also makes possible the examination of how custody (viewed as physical custody), father-child contact and child support payments change over time for those parents who were already separated at the time of Cycle 1.

MAIN FINDINGS

Family type and work and income patterns

In two-parent families, 95 percent of children from birth to age 11 in 1994-95 benefited from the full-time employment income of at least one parent. The most common situation, shared by 43 percent of children, is for both parents to have full-time employment. Just over a quarter of children (27 percent) had one parent working full time, the other part time. Another quarter (25 percent) had a parent at home while the other was in the labour force full time.

In one-parent families, slightly more than 40 percent of children lived with a parent who brings in a full-time employment income. Seventy-eight percent of lone fathers and thirty-nine percent of lone mothers worked full time.

When parents separate

Mothers who had full-time employment before separation are better off financially afterwards than those who did not. Their average annual income of nearly $32,000 is substantially higher than that of other lone mothers (median amount of $20,000) in Cycle 2.

When lone mothers form a conjugal union

The average income of lone mothers rose between Cycles 1 and 2 whether or not women formed a conjugal union, and the lower the income in 1994-95, the larger the increase two years later.

Characteristics of the two-parent family prior to separation, and custody arrangements when parents separate

The higher the family income before separation, the more likely children are to live in their father's custody or in shared custody afterwards. Income seems to play a more direct role in

shared custody arrangements than when father has sole custody, which is to be expected given the need for two family homes in shared custody situations.

Shared custody arrangements are most often chosen by separating couples who are both in the labour force. About 20 percent of children in double-income families were alternating between parents' homes when the parents separated, compared to less than 6 percent of those in families in which one or neither parent was employed.

Children from single-earner families are more likely than other children to be in their father's custody after separation. One fifth of these children (20 percent) remained with their father when their parents separated, compared to less than 8 percent of children with both parents or neither parent in the work force.

The chances are very high (89 percent) that children will live with their mother when parents separate if neither parent had full-time employment.

Family characteristics and child support

Support agreements are more common in higher income families, and payments are also more reliable. If a support agreement existed, payments were made regularly for the majority of children in the highest income families (55 percent); this was the case for only one third of children in the lowest income category (31 percent).

Changes in living arrangement and father-child contact over time

Living arrangements for children in their father's custody are very durable. Although relatively infrequent (7 percent of children in 1994-95), almost all children living with their father in 1994-95 were still in his care two years later.

Living arrangements for children in their mother's custody are also stable, but the frequency of contact with their father varies over time. Of these, two fifths of the children who had some contact with their father at the start of the period had a different amount of contact by the end of it.

Shared living arrangements appear to be more flexible. Nine tenths of the children with shared living arrangements at Cycle 1 had a different arrangement two years later. More than two fifths (41 percent) lived with their father and half (50 percent) with their mother; almost all of the latter maintained regular contact with their father.

The absence of father-child contact is not necessarily permanent. More than one fifth of children with no contact with their father in 1994-95 had some contact (generally "irregular") by 1996-97.

Changes in child support payments over time

The absence of child support payments is not necessarily permanent. More than a quarter of children who had received no support for at least six months in 1994-95 received some support during the following two-year period. Almost half of these payments were being made regularly by 1996-97.

The absence of a child support agreement is not necessarily permanent, although the chance of coming to an agreement later is relatively low. Two thirds of the children (65 percent) for whom there was no agreement in 1994-95 were in the same position two years later. Among those for whom an agreement had been reached during the period, less than half were receiving payments regularly in 1996-97.

IMPLICATIONS

Studies of family break-up typically focus on the arrangements made and their formality, and the functioning and adherence to the arrangements. The NSLCY provides an opportunity to examine various pre-break-up characteristics of families, to determine whether there is any relationship to the choices and arrangements made after the break-up.

Specifically, are families' pre-separation earning opportunities, employment choices and employment patterns predictors of post-separation outcomes? Understanding how Canadians organize and live as families in the context of their income and employment choices allows policy makers to plan programs and services, and to consider legislative reforms with a greater appreciation of the implications. Further questions can be answered, with additional cycles of data including how do family arrangements evolve, and in what circumstances? How fixed or flexible are the outcomes? What do the changes typically involve, and how frequently are they made? Furthering research in this area is a high priority, and the value of the NLSCY in gathering these vital data remains of the highest order.

1. INTRODUCTION

This report builds on an earlier analysis of custody, access and child support data gathered during Cycle 1 of the National Longitudinal Survey of Children and Youth (NLSCY) in 1994-95 (Marcil-Gratton and Le Bourdais, 1999). The NLSCY is a panel survey conducted jointly by Human Resources Development Canada and Statistics Canada. More than 22,000 children, aged 0 to 11 years were first surveyed during the winter of 1994-95; however, because of financial constraints, not all of these children were retained in the sample for the second cycle.[1] This study is based on approximately 15,000 children present for both cycles, and aged between 2 and 13 years when surveyed in 1996-97. Many topics are covered in the NLSCY, but this report draws largely on data from the Family and Custody History section of the survey. This section provides complete retrospective conjugal and parental histories of each child's biological parents up to the time of the survey. For children whose parents separated or never lived together, additional information is given related to custody arrangements, contact with the non-custodial parent and regularity of child support payments, both at the time of the separation and the survey.

An analysis of retrospective questions on family history and custody arrangements at Cycle 1 revealed the complexity of the family life course of Canadian children born near the end of the 20th century (Marcil-Gratton and Le Bourdais, 1999). With parental separation more frequent and occurring earlier in children's lives, the children's family environment expanded as their parents "went their separate ways"—remarrying or forming a common-law union with a different partner and having children within these new unions, thus adding stepparents, stepsiblings and half-siblings to their children's family network. Each change in the parental life course entails a "family transition" in that of their children. By Cycle 2 of the survey (1996-97), when these children were 2 to 13 years of age (with an average age just over 8), almost one quarter had experienced at least one transition in their family environment. This proportion varies depending on the age of the children at the time of the survey (see Table 1), from 14 percent at the age of 2 to 3 years, rising to almost 30 percent of children among those reaching adolescence.

The likelihood of experiencing family change also depends on whether children were born within a conjugal union and according to the type of this union. Most children (93 percent) were born within a conjugal union, to married or cohabiting parents; for these children, their parents' separation is the first family transition. This experience is much more usual among children born within a common-law union (44 percent), than among those born within marriage, particularly when the marriage was not preceded by a period of cohabitation (12 percent). Of the minority (7 percent) of children born outside a conjugal union, more than three quarters (76 percent) had experienced at least one family transition. This higher proportion is largely a product of the nature of the first transition, however. Born to essentially "separated" parents, the first transition involves union formation rather than dissolution, as their mother or father enter into a union either with each other or with a new partner.

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[1] For more information, consult the Human Resources Development Canada/Statistics Canada publication *National Longitudinal Survey of Children and Youth: Overview of Survey Instruments for 1996-97 Data Collection—Cycle 2*, Catalogue no. 89FOO78XPE.

Table 1 Proportion of children experiencing at least one family transition between birth and Cycle 2, according to their age at the survey, and the type of parents' union at birth, NLSCY, 1996-97

	a) Age group at Cycle 2						
	2-3 yrs	**4-5 yrs**	**6-7 yrs**	**8-9 yrs**	**10-11 yrs**	**12-13 yrs**	**Total**
Percentage of children making at least one family transition by 1996-97	14.2	20.9	25.6	26.6	26.6	29.2	23.9

	b) Type of parents' union at child's birth				
	Direct marriage	**Marriage preceded by cohabitation**	**Cohabitation**	**Not in union**	**Total**
Percentage of children making at least one family transition by 1996-97	12.3	19.9	43.6	75.7	23.9

The transitions parents make into and out of conjugal unions generally translate, in their children's lives, as a movement from one type of family to another, from an intact family to a lone-parent family, or from a lone-parent family to a stepfamily, for instance. These types of transitions are the basis of the analyses in this report. Family mobility is just one of the processes affecting children, however. Families are in a state of constant flux at many levels. Economically, for example, family income rises and falls as parents are laid off or promoted at work, or as mothers enter or return to the labour force. However, while changes in income and employment may occur independently of family change, family transitions rarely occur without triggering important changes in these two areas. In a society in which discontinuity is on the rise, both in the workplace and the family, it is important to explore the links between the diverse facets of children's environment. With Cycle 1 data alone, family transitions could not be linked to changes in other areas because most relevant socio-economic and child development data referred only to the situation at the time of the survey. The addition of information collected from the same children two years later, at the time of Cycle 2 of the survey (1996-97), removed many of these limitations, making possible the longitudinal approach used in much of the present research.

This report has three main sections, each of which uses "before" and "after" data (from Cycles 1 and 2) to throw new light on specific questions.

- The first section focusses on the link between family type, income and the way income earning is shared by parents within the family. It looks, in particular, at **the effect that separation and stepfamily formation have on family income levels**, and examines how this relates to the parents' labour force involvement.

- The second section tackles the question of how couples organize the physical care and economic support of their children when they separate. For the first time, it is possible to explore **how "pre-break-up" family characteristics, such as income levels and labour force participation, influence the decisions parents make about custody arrangements and child support when they separate.**

- The third section focusses on **the changing nature of custody, contact and child support over time**. It examines how living arrangements and father-child contact, on the one hand, and child support agreements and payments, on the other, evolved during the two-year period between Cycles 1 and 2 for children whose parents were already living apart at Cycle 1.

2. FAMILY TRANSITIONS, LABOUR FORCE PARTICIPATION AND INCOME CHANGE

Much has been written about the crucial importance of income for children's well-being, and research suggests that some of the negative effects associated with separation and divorce are actually caused by the drop in income that generally accompanies it (Amato, 2000; Duncan and Brooks-Gunn, 1997; McLanahan, 1990). When a couple separates, resources that formerly maintained a single household have to support two and, even when those resources are distributed fairly between family members, each individual is by definition financially less well off. Most parents are obliged to reduce their standard of living, sometimes dramatically, and different strategies may be adopted to deal with this situation. Some separated parents may seek to reduce costs by lodging, at least temporarily, in a household maintained by someone else (often their parents), while others attempt to increase the resources available by taking paid employment or increasing the number of hours they work.

This leads us to the second important way that family transitions influence income. In Canada, families have maintained living standards over the last three decades largely through the increased labour force participation of mothers. The dual-earner family has become the norm. In other words, the standard of living enjoyed by a family is closely linked to the number of adults available to bring in an income—which generally means the number of parents within a household. Separation reduces the number of parents; family recomposition increases it. Having two potential wage earners also gives more choice in terms of the employment strategies devised by parents to balance earning a living with the other demands of family life; one can concentrate on earning an income, and the other on caring for the children, for example, or both parents may choose to work full time and use the extra income to pay for child-care services.

In this first part of the report, we focus on **the direct impact that family transitions have on income levels and work patterns**. The section starts by setting the scene, using Cycle 1 cross-sectional data to explore how the different family types (intact, step and lone-parent) compare, with regard to the two main variables in this part of the analysis: income and employment strategies. This is followed by a longitudinal analysis of the way in which income and work are affected by two specific family transitions occurring between the first two cycles of the survey.

- **From an intact family to a lone-parent family**. Using the sample of children whose parents separated between Cycles 1 and 2, we examine changes in family income before and after parental separation, and explore how this affects the labour force participation of women becoming lone mothers during the period.

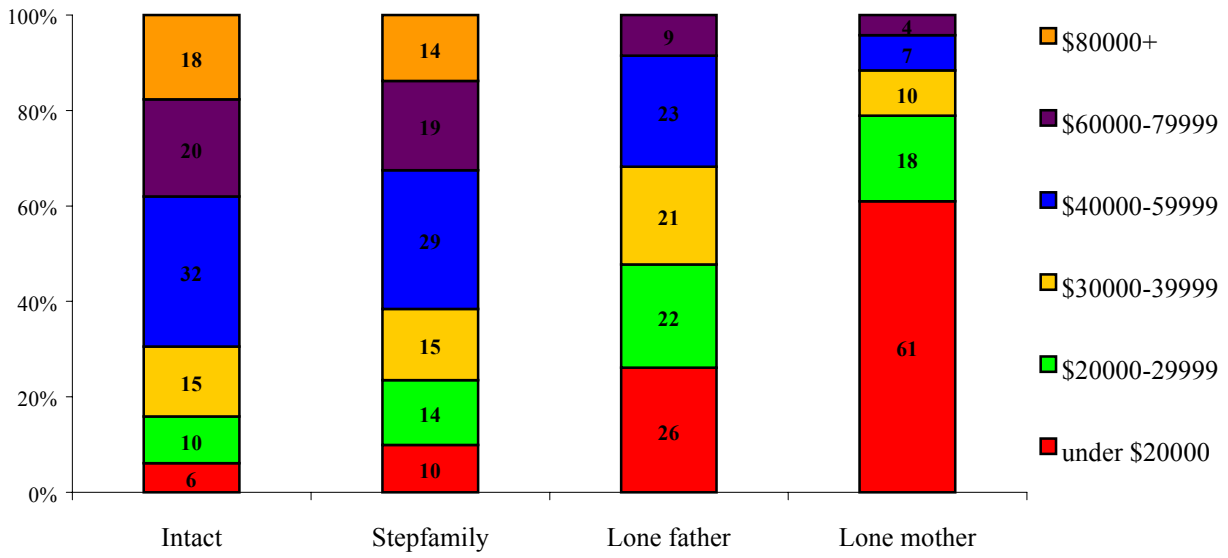
- **From lone-mother family to stepfamily**. Using the sample of children living with a lone mother in 1994-95, we examine the extent to which forming a conjugal union modifies family income levels compared to remaining in a single-parent family. The small number of cases prevented a similar analysis of lone-father families.

2.1 SETTING THE SCORE

Family type and income

At the time of Cycle 1 of the survey in 1994-95, children were living in different types of families (intact, step, and lone-father and lone-mother families), and the type of family they belonged to was closely linked to the financial resources available for their upbringing. Figure 1 compares family income levels across these four family types for six income categories, from less than $20,000 per year to $80,000 or more.[2] The income gap between two-parent and one-parent families, and between lone-father and lone-mother families, headed by fathers and those headed by mothers is clearly visible.[3]

Figure 1 Household income category by family type, NLSCY 1994-95



[2] For children in shared custody, the family income is given for the family of the "person most knowledgeable" about the child; about three quarters were lone parents (half were mothers, one quarter fathers) and the others were mothers or fathers living in a stepfamily.

[3] Income levels for lone parents may be slightly underestimated. A small percentage of lone parents who reported receiving regular child support payments did not declare "child support payments" among the "income sources". Recent changes making the "payor" liable for income tax on child support payments may have contributed to the perception that child support payments are not strictly "income"; as a result, it is possible that these parents did not include the amount when declaring their level of income.

A few points can be taken from this figure.

- **Intact families and stepfamilies have similar income levels**, although incomes are slightly higher in intact families. A smaller proportion of children in intact families are in the lowest income brackets (less than $30,000) and a larger proportion in the highest.

- **Two-parent families are considerably wealthier than lone-parent families, even male-headed lone-parent families**. Fewer than one in eight children (4 percent and 7 percent) with their mother, and less than one third of children (9 percent and 23 percent) with their father, were in households with an annual income of over $40,000 (the case for more than two thirds of the children in two-parent families).

- **Although lone fathers are, on average, much better off than lone mothers, many support their family on a very low income**. More than one quarter of children (26 percent) living with their father were being raised on an annual income of less than $20,000.

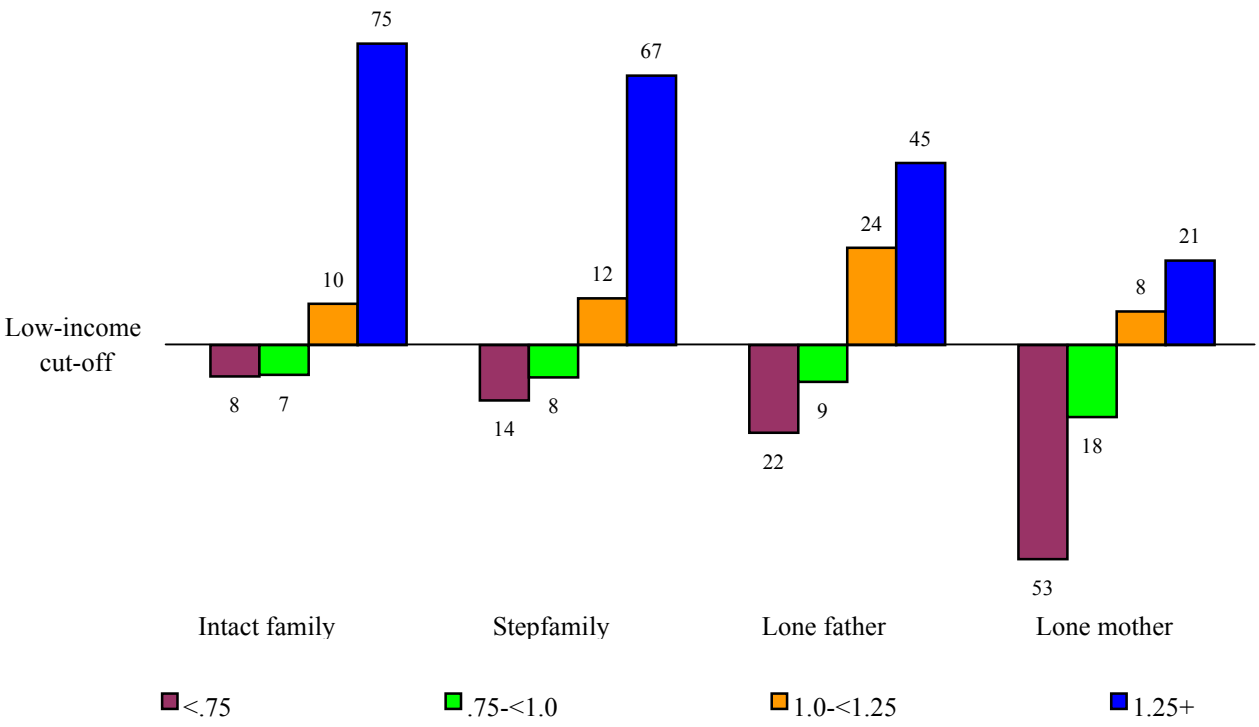
- **The majority of lone mothers are raising children on a very limited budget.** For three fifths of the children in lone-mother families (61 percent), the annual family income was less than $20,000, and for almost four fifths it was under $30,000.

Below the low-income cut-off

No matter how informative they may be, income levels are not always the best indicator of living standards, as they do not take into account the number of individuals being supported by the income. The low-income ratio, on the other hand, is estimated as the ratio of economic family income to the low-income cut-off, a measure derived from a number of indicators including family size. A ratio of 0.75, for instance, means that the household income is 25 percent lower than the low-income threshold estimated for a family with a given set of characteristics (including the number of adults and children present). Low-income ratios are given for the four family types in Figure 2.

The two lower categories represent the proportion of families with incomes below the low-income cut-off. The figure confirms the general impression given by income levels in Figure 1, with two-parent families less often below the low-income threshold than one-parent families, and single fathers less often than single mothers. The difference between family types is clearly illustrated for incomes falling below the low-income cut-off by more than 25 percent; while only 1 in 12 children (8 percent) in intact families are living on these very restricted budgets, this is the case for more than half (53 percent) of the children in lone-parent families headed by mothers. In fact, less than 30 percent of the children in lone-mother families are not in "low-income" families. The proportions are inversed for children in lone-father families: almost 70 percent are above the low-income cut-off and slightly more than 30 percent are below.

Figure 2 **Ratio of household income to the low-income cut-off, by family type, NLSCY 1994-95**



Patterns of income earning

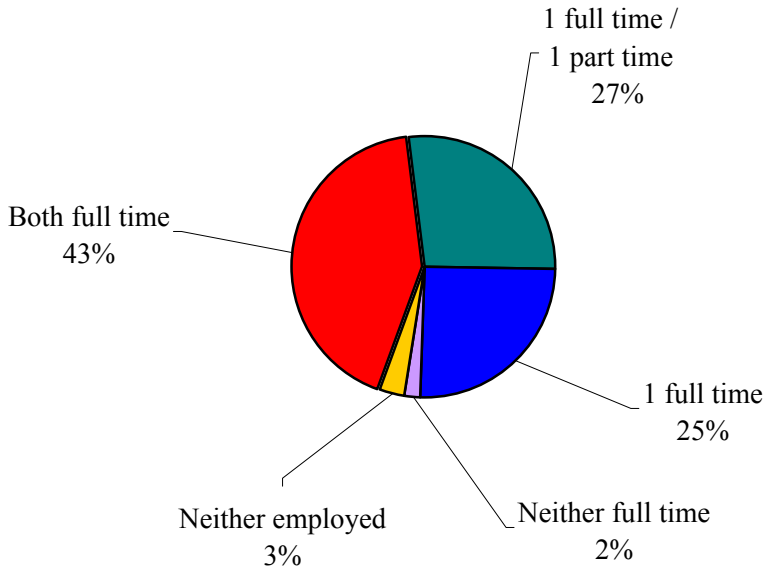
Two work-related factors explain much of the difference in income levels between two-parent and lone-parent families, and between lone-father and lone-mother families. These two factors are the number of potential wage earners and the number of hours worked. Couples have greater flexibility than lone parents in terms of balancing work and family life, since one or both parents can be employed, full- or part-time. The different arrangements adopted by parents in two-parent families are shown in Figure 3.

- Having both parents in full-time employment is the most common situation, shared by 43 percent of children.

- Slightly more than one quarter of children (27 percent) had one parent working full time, and the other part time.

- Another quarter had a parent at home while the other was in the labour force full time.

Figure 3 Parents' labour force participation, for children living in two-parent families, NLSCY, 1994-95



Overall, 95 percent of children in two-parent families benefited from the full-time employment income of at least one parent, a situation that contrasts strongly with the situation in one-parent families (Figure 4). Slightly more than 40 percent of children in one-parent families (78 percent in lone-father families, and 39 percent in mother-headed lone-parent families) live in a family supported by a full-time employment income, a figure that is all the more disquieting given that the vast majority of children in lone-parent families are with their mother. Having a parent at home, however, is more common, particularly among children in lone-mother families (43 percent); in fact, these children are the most "traditional," in the sense that they are more likely than other children to have their mother at home.

The number of wage earners and the number of hours worked are closely linked to the level of family income, as shown in Figures 5 and 6 for two-parent and one-parent families respectively. The general pattern that emerges from these figures is predictable: the more time parents invest in paid employment, the higher their family income. However, a closer look highlights three important features of the relationship between work organization and income.

Figure 4 **Parents' labour force participation, for children living in one-parent families, by sex of parent, NLSCY, 1994-95**

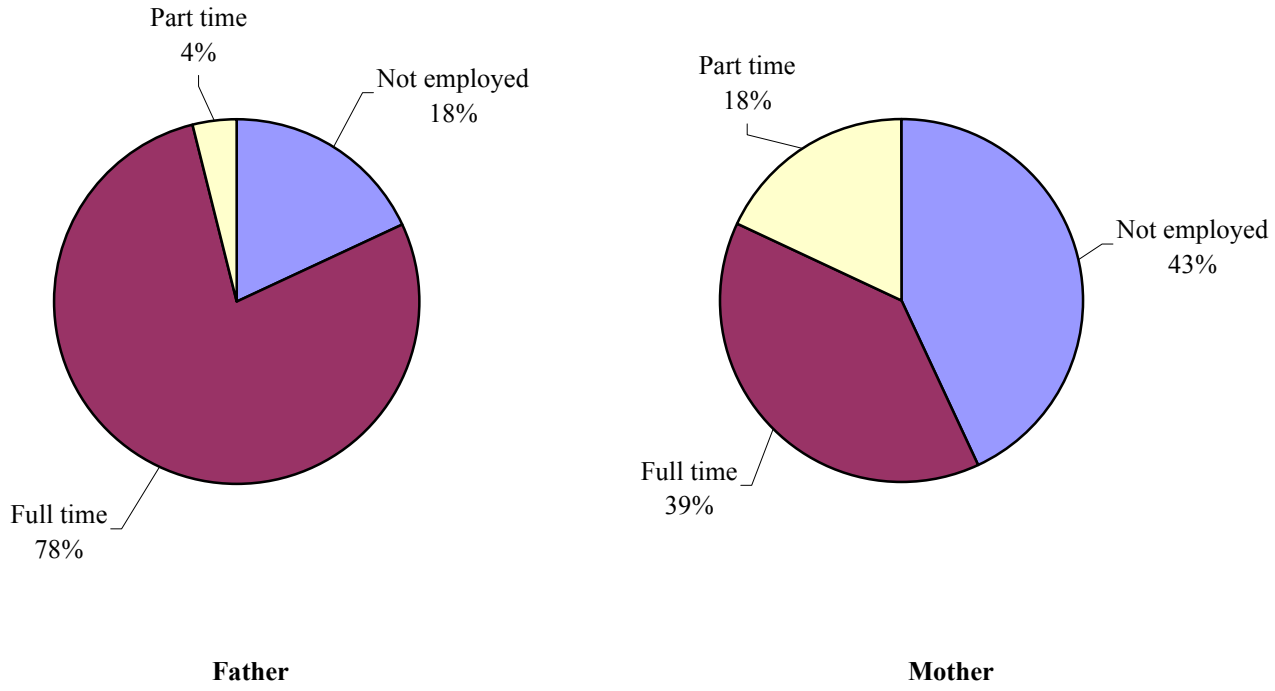


Figure 5 **Household income category for children living in two-parent families according to their parents' labour force participation, NLSCY, 1994-95**

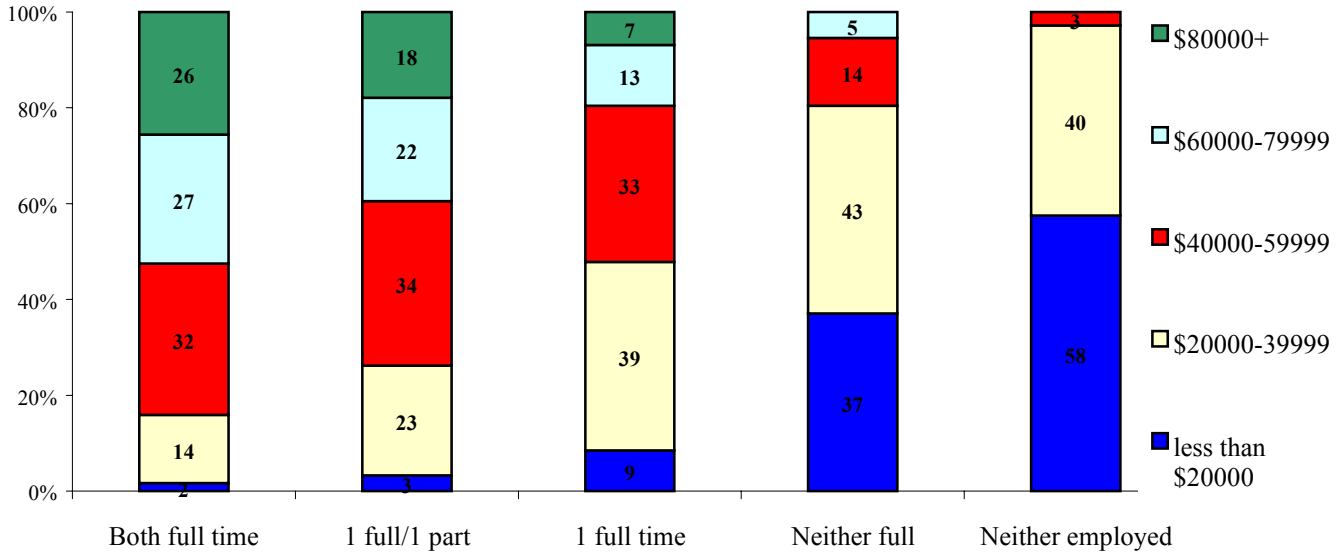
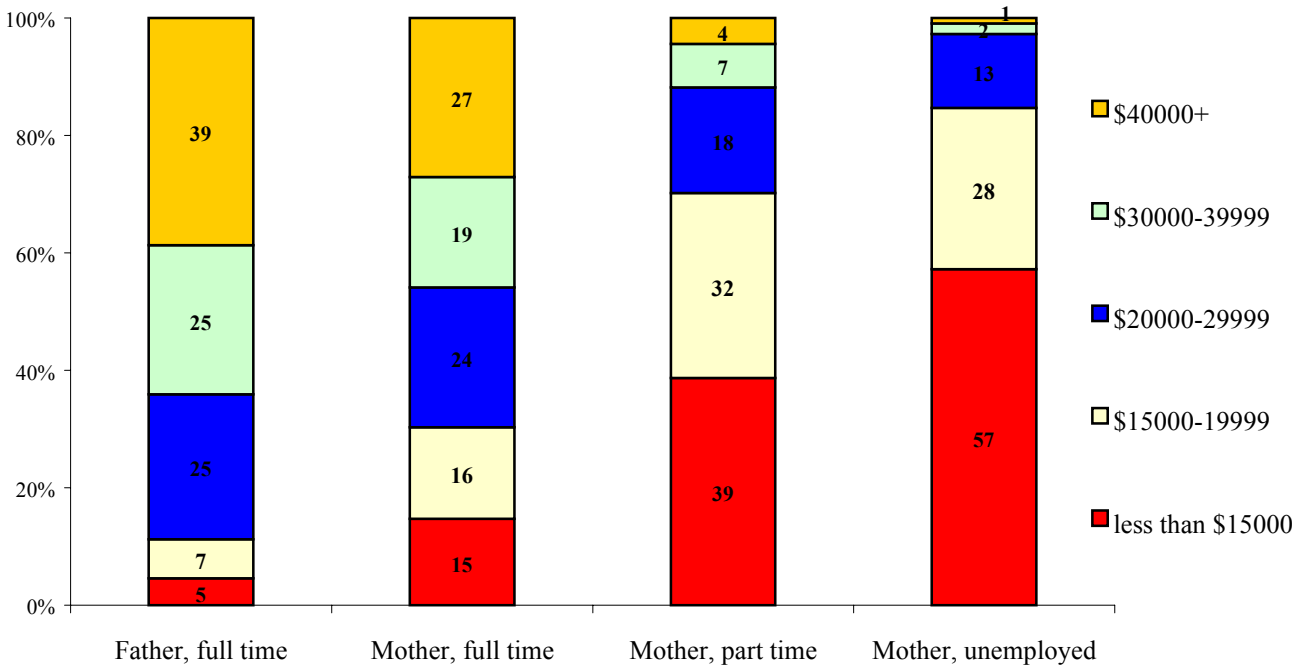


Figure 6 **Household income category for children living in one-parent families, according to the parent's sex and employment status, NLSCY, 1994-95**



First, there is a **considerable income disparity for any given employment pattern**. Consider the situation when both parents are employed full time as an example. The principal challenge for these parents is to "find the time" to meet the demands of family life, given the number of hours they spend working. The family income on which more than one quarter of children in these double-income families are raised exceeded $80,000 in 1994-95; these parents could probably compensate to some extent for the hours spent in the workplace by purchasing services that lighten the load at home. However, although having two employed parents raises the likelihood of a family being financially at ease, it is certainly no guarantee of it. The parents of 16 percent of children in double-income families earned less than $40,000 between them; with scarcely enough to cover the basics, paying for services is not an option.

Second, **one full-time employment income does not have an equivalent "value" across the different family types,** reflecting differences in earning power. More than half the time (33 percent and 13 percent and 7 percent), single earners in two-parent families bring in $40,000 per year or more; in lone-father families, the percentage drops to 39 percent, and in lone-mother families to 27 percent. At the other extreme, 9 percent of single-earner two-parent families, and 12 percent (7 percent and 5 percent) of employed fathers, bring in less than $20,000 per year, compared to 31 percent of lone mothers. In other words, not only do lone fathers have full-time employment twice as often as lone mothers, they are also better paid, two factors responsible for the huge disparity between the incomes of lone fathers and lone mothers.

Third, at the opposite end of the scale, except for a few families of "independent means", **two unemployed parents means that families have to live on a very tight budget**. Nearly 60 percent of these children were being raised on an annual income of less than $20,000, a proportion almost identical to that among children of unemployed single mothers (57 percent) with an income of less than $15,000. The extra adult to feed means that the budget in unemployed two-parent families is just as stretched as among single mothers who are not working. On the other hand, two adults in a family increases the chances of having at least one parent employed at some point and, as a result, only 3 percent of children in two-parent families are in this situation compared to 45 percent of children in mother-headed lone-mother families. With only one in five lone fathers not fully employed, the numbers were too small to include this group in Figure 6. The data nonetheless suggest that the level of poverty of these fathers surpasses even that of lone mothers who are not employed.

Evidently, employment patterns and income are far from static, changing in response to many factors, such as market forces, educational opportunities and personal choices. They may also change as a result of family transitions. In the next section of this report, we consider the impact of separation and stepfamily formation on income and employment from a longitudinal perspective.

2.2 FROM TWO-PARENT TO ONE-PARENT FAMILY

Data from consecutive cycles of the NLSCY make it possible for the first time to directly assess the drop in family income that accompanies the transition from an intact to a lone-parent family. Information on family income gathered both before separation (at the time of Cycle 1) and after (at the time of Cycle 2) was available for approximately 500 children whose biological parents separated between the two surveys. Of these, only children living with a lone parent in 1996-97 were included in this analysis. Children in shared custody are treated as belonging to the family of the parent responding to the survey in 1996-97, since information on family income was not gathered for the other parent.[4] Children were first classified in four groups according to the level of family income before separation in 1994-95, and according to whether they were living with their mother or father two years later. For each of these subgroups, the average annual family income before and after separation, as well as the percentage change, is presented in Table 2. The two lowest income categories have been combined for lone fathers due to the small number of children from families with an annual income of less than $40,000 who reside with their father after separation.

[4] In other words, no child is counted as belonging to both a lone-father and a lone-mother family.

Table 2 **Intact and lone-parent family income,[1] and percentage change for children whose parents separated after Cycle 1 and who were living with a lone parent at Cycle 2, according to the sex of the lone parent, NLSCY, 1994-95 and 1996-97**

Income level of intact family in 1994-95	Lone Parent in 1996-97							
	Mother				Father			
	Average income before separation ($)	Average income after separation ($)	Change (%)	N	Average income before separation ($)	Average income after separation ($)	Change (%)	N
Less than $25,000	17,800	15,700	**-11.8**	123	23,900[2]	22,500[2]	**-5.9**[2]	23[2]
$25,000-$39,999	30,100	16,500	**-45.2**	100				
$40,000-$59,999	48,000	28,800	**-40.0**	94	50,400	40,100	**-20.4**	18
$60,000 and above	89,800	40,500	**-54.9**	116	92,400	64,800	**-29.9**	54
TOTAL	46,500	25,500	**-45.2**	434	68,100	50,000	**-26.6**	95
Median income	38,000	19,000	**-50.0**		60,000	49,200	**-18.0**	

[1] Rounded to the nearest $100.
[2] Includes all fathers with a pre-separation family income under $40,000.

Lone mothers versus lone fathers

First, Table 2 provides clear evidence of **a much sharper overall decline in relative income for children living with their mother (45 percent) than father (27 percent) after separation.** The disparity in income decline is even greater when calculated using the median value rather than the mean, at 50 percent for mothers and only 18 percent for fathers. The median income indicates that half the children remaining with their mother when parents separate are being raised on an annual income of less than $19,000; the comparable figure for children raised by their father is $49,200. The difference between mothers and fathers holds for each pre-separation income category, and reflects the fact that men, on average, bring in a higher proportion of family income than women do.

Second, there is some evidence that, **among fathers, the relative drop in income is closely linked to family income levels before separation: the higher the pre-separation income, the greater the relative drop at separation.** For mothers, this pattern is less clear since the relative drop in income is high at all income levels, nearly 50 percent for all but the lowest income group. We observed earlier that higher incomes were most common in families with two full-time incomes. In other words, at higher income levels the mother's contribution to family income is greater. On the one hand, this offsets the decline in income for lone mothers who continue bringing a full-time income into the family after separation. On the other hand, the loss of the former spouse's earnings is responsible for the steeper decline in family income among fathers as pre-separation family income rises. We will be able to verify this with a greater number of cases in Cycle 3.

Perhaps one of the most unexpected and interesting findings is the considerable gap between the overall average pre-separation family income for children who continue living with their mother ($46,500) or father ($68,100) after separation. Are children from relatively well-off families more likely to remain with their father after separation than those from poorer families? We will return to this subject in a later section dealing with the impact of family income before separation on custody arrangements.

Mothers' employment status and income after separation

Findings in the previous section suggest that pre-separation earning patterns explain much of the difference between mothers' and fathers' households in the relative decline of family income after separation. Table 3 presents similar figures on family income change for the transition from two-parent to lone-mother family when parents separate, but this time according to the parents' labour force participation before separation. In families with only one full-time income, the mother is normally the parent at home or she has part-time work.

- **Lone mothers from double-income families who were working full-time before separation are better off financially than other lone mothers.** Their average annual income of close to $32,000 is significantly higher than that of mothers from the three other situations.

- **Lone mothers from families with only one full-time income were in a similar financial position whether they had worked part-time before separation ($22,500) or not ($21,800), despite the higher pre-separation income of the former.** With a higher relative decline in income among lone mothers who had worked part time (54 percent) than among those who had not (47 percent), many of these mothers were raising children on an income below the low-income threshold after separation.

- **Families with neither parent fully employed were already struggling financially, thus, given that a bare minimum is necessary for survival, the relative decline after separation for lone mothers is small (9 percent).**

Table 3 Average family income[1] and percentage increase for children whose parents separated after Cycle 1 and who were living with their mother at Cycle 2, according to the parents' pre-separation labour force participation, NLSCY, 1994-95 and 1996-97

Employment situation in 1994-95	Average two-parent family income 1994-95 ($)	Average lone-mother family income 1996-97 ($)	Change (%)	N
Both parents, full time	60,000	31,900	**-46.8**	168
1 full time / 1 part time	48,900	22,500	**-54.0**	94
1 full time	41,200	21,800	**-47.1**	97
Neither full time	18,700	17,000	**-9.1**	57
TOTAL	47,500	25,400	**-46.5**	416[2]
Median income	40,000	20,000	**-50.0**	

[1] Rounded to the nearest $100.
[2] Excludes 18 cases with missing information on labour force status.

Overall, separation reduces the differences in living standards between women who become single mothers. Before separation, for instance, women in double-income families had an average income of more than three times that of women in families with no full-time income; after separating, their income was less than twice as high.

2.3 FROM LONE-MOTHER TO STEPFAMILY: A WAY OUT OF POVERTY?

In this section, we look at the opposite movement, from a one-parent to a two-parent family. Given the relatively limited number of lone fathers making the transition during the period, the analysis will be restricted to the impact of union formation on the family income of lone mothers. The majority of children living with their mother only in 1994-95 were in the same situation two years later. However, 6 percent were living with both biological parents after their parents decided to give their union another chance, and 12 percent were living in a stepfamily as a result of their mother's union with a new partner. Table 4 compares the evolution of average

family income for each of these three groups. The first column shows the average family income of each group in 1994-95, when it was all earned by lone mothers. The second column gives the average income two years later, while the third indicates the change in income during the period for each group. Median incomes are also indicated in each table, to show the level of income below and above which 50 percent of the sample is situated; the fact that the median is consistently lower than the average means that the average overestimates the income of the majority of mothers.

Table 4 Family income[1] and percentage increase for children living with their mother in 1994-95, according to the mother's conjugal situation in 1996-97, NLSCY

Conjugal situation in 1996-97	Lone mother's average family income 1994-95 ($)	Average family income 1996-97 ($)	Change (%)	N
Lone mother	21,800	23,600	**8.3**	1,790
In a couple:				
• With new partner and stepfamily	24,200	43,600	**80.2**	260
• Reunited with child's father	18,800	33,700	**79.3**	127
TOTAL	21,900	26,600	**21.5**	2,177
Median	16,800	19,200	**14.3**	

[1] Rounded to the nearest $100.

Average family income increased in all three groups. However, as one would expect, the increase was considerably higher when mothers formed a union in the interval: family income rose by about 80 percent for children living in a stepfamily or with reconciled parents in 1996-97, compared to a rise of 8 percent for those whose mothers were still on their own. Interestingly, the average income of the group of lone mothers who were reconciled with their children's father was the lowest of all three groups of women in 1994-95 (at $18,000 annually); the average annual income of lone mothers who subsequently formed a union with a stepfather for their children, for example, was approximately one-third higher (at $24,200). The source of this association needs further investigation. Do financial difficulties force separated parents back into sharing their residence? Or, on the contrary, does financial stress cause the temporary breakdown of an otherwise satisfactory union? Whatever the reason, with an average annual family income of $33,700, mothers uniting or reuniting with their children's father remain considerably less well-off than mothers entering a union with a new partner ($43,600).

Table 5 **Percentage increase in family income for children living with their mother in 1994-95, by income level in 1994-95 and by the mother's conjugal situation in 1996-97, NLSCY**

Income level of lone-mother family in 1994-95	Mother's conjugal status in 1996-97							
	Lone mother				In a couple			
	Average family income 1994-95 ($)	Average family income 1996-97 ($)	Change (%)	N	Average family income 1994-95 ($)	Average family income 1996-97 ($)	Change (%)	N
Less than $12 000	9,400	14,900	**58.5**	342	8,800	27,900	**217.0**	45
$12,000-$15,999	13,600	15,800	**16.2**	492	13,500	36,500	**170.4**	112
$16,000-$24,999	19,100	19,400	**1.6**	455	19,200	30,700	**59.8**	120
$25,000 and above	40,900	41,300	**1.0**	500	40,800	59,900	**46.8**	110
TOTAL	21,800	23,600	**8.3**	1790	22,500	40,300	**79.1**	387
Median	16,000	17,900	**11.9**		18,000	35,000	**94.4**	

Is there any relation between the level of income in lone-mother families at the time of Cycle 1 and the relative increases in income among mothers who had or had not formed a conjugal union during the period? Table 5 shows the following.

- **Average income rose between Cycles 1 and 2 whether or not women formed a conjugal union, and the lower the income in 1994-95, the larger the increase.**

- **Among mothers with an annual income of less than $12,000 in 1994-95**, even women who were still alone two years later had seen their income rise by close to 60 percent. Mothers who became part of a couple (with a new partner or their children's father) more than tripled their income. However, the scale of these increases are more a reflection of how poor these lone-mother families were in 1994-95 than of how rich they had become two years later.

- **At slightly higher 1994-95 income levels (over $16,000 annually)**, mothers who did not re-unite with their children's fathers or acquire a new partner scarcely registered any rise in the average income.

- **Even at the highest income category**, mothers reuniting with their children's father or forming a new conjugal union saw a sizeable increase in family income (46.8 percent).

In other words, **one very tangible effect when lone mothers become part of a couple is a sharp rise in their family income; this is particularly true for those not working full time.** However, acquiring a new partner is a complicated issue for many lone mothers, particularly those least well-off financially. By losing their entitlement to certain benefits, they could even experience a drop in disposable income; the new partner may be unwilling to contribute to another man's children, or may have child support commitments of his own outside the household.

However, as Table 6 shows, **full-time employment also protects against the poverty afflicting many women raising children alone.** Among lone mothers who did not form a conjugal union during the period, those working full-time in 1994-95 had an average annual income of $32,700 in 1996-97. They were a good deal better off financially than those who worked part time ($22,000) or who were not in the labour force ($16,100). Moreover, the relative increase in income for lone mothers who formed a conjugal union was considerably higher among mothers who were not working (87 percent) or who were employed part-time (140 percent) than among fully employed women (60 percent). As a result, income differences between the groups of lone mothers who formed a couple decreased during the period.

Table 6 **Family income[1] and percentage change for children living with their mother in 1994-95, according to her employment status in 1994-95, and her conjugal situation in 1996-97, NLSCY**

Mother's employment status in 1994-95	Mother's conjugal status in 1996-97							
	Lone mother				In a couple			
	Average family income 1994-95 ($)	Average family income 1996-97 ($)	Change (%)	N	Average family income 1994-95 ($)	Average family income 1996-97 ($)	Change (%)	N
Working full time	31,100	32,700	**5.1**	690	32,100	51,300	**59.8**	155
Working part time	18,300	22,000	**14.8**	328	17,200	41,300	**140.1**	74
Not employed	14,900	16,100	**14.8**	762	15,500	29,000	**87.1**	157
TOTAL	21,800	23,600	**8.3**	1780	22,500	40,300	**79.1**	386

[1] Rounded to the nearest $100.

2.4 SUMMARY

In this section, we have explored the relationship between family type, income levels and employment patterns. First, the cross-sectional analysis of Cycle 1 data emphasized the close association between the family type in which children live, on the one hand, and the financial resources available for their upbringing, on the other. Also highlighted was the close relationship between the number of potential income-earners in a family, the level of income and the strategies available to parents in terms of balancing income-earning with the other responsibilities of family life. The longitudinal analyses of Cycle 1 and 2 data that linked the passage from a) an intact family to a lone-parent family and b) from a lone-parent family headed by a mother to a two-parent family, confirmed the importance of the close association between family, income and employment, and clearly illustrated the impact of couple formation or dissolution on a family's financial circumstances.

In addition to the general trends, however, these analyses also reveal the great diversity in the experience of Canadian families, whether in relation to income levels, patterns of employment or the impact that family transitions have in these two areas. For example, while it is true that, generally speaking, the more parents are involved in the labour force, the higher their family income, many double-income families earn scarcely enough to make ends meet. Likewise, not all lone mothers living on a tight budget will remain in this situation for an extended period; a rise in family income will result, for some, from the labour market and, for others, from a change in their conjugal situation.

Analyzing the transition from intact family to lone-parent family suggests that the lone parent's financial circumstances after separation are closely linked to the intact family income before separation and to the way the couple shared income-earning. The wealthiest lone mothers, for instance, are those from the wealthiest intact families, and who were already fully involved in the labour force before they separated.

The next section continues this line of investigation, examining how the socio-economic status of the intact family influences the decisions that separating parents make about the physical and financial care of their children.

3. THE IMPACT OF INCOME AND WORK ARRANGEMENTS BEFORE SEPARATION ON CUSTODY AND CHILD SUPPORT ARRANGEMENTS

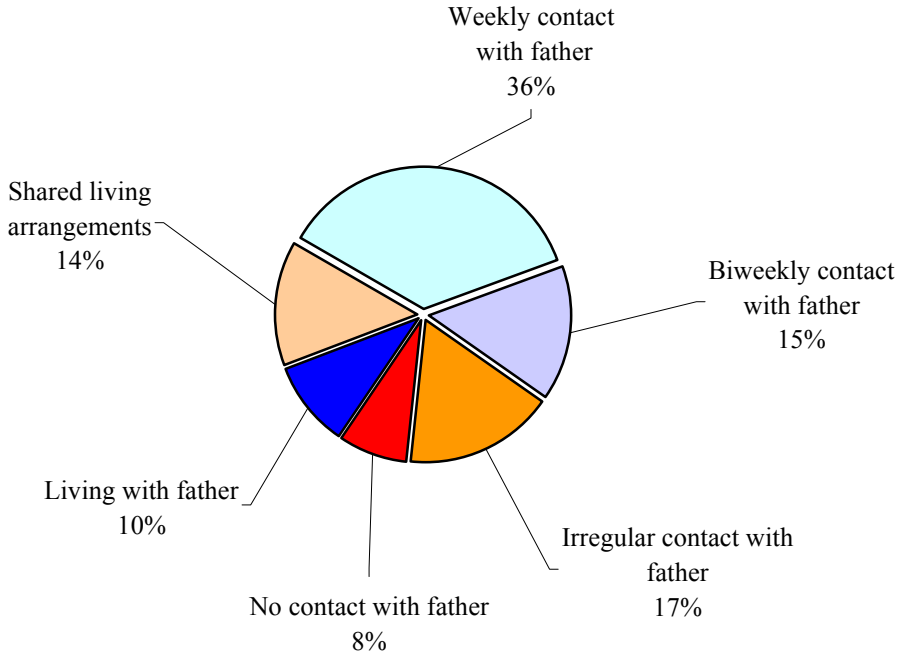
The relationship between family change and income is not unidirectional. In less direct ways, income also has an effect on family transitions, playing a role in the decision to separate or to form a new conjugal union. The stress of financial hardship, for instance, may contribute to the demise of a conjugal union. At the same time, the threat of even greater financial hardship may be a powerful inhibitor to separation, although it may have a different effect on low-income families than on those who are better off financially. A subject that has received little attention so far, probably because of the dearth of information about it, is whether intact family characteristics, such as the level of income and the way parents organize their work schedules, influence how separating parents divide responsibilities for children. Longitudinal data from consecutive cycles make it possible for the first time to relate post-separation arrangements to characteristics of the family and parents *prior to* separation, information not available for those who were already separated at Cycle 1. This is the subject of this part of the report: **the impact of pre-separation family income and employment schedules on the type of custody arrangements, and the level of contact and child support payments established by couples separating between Cycles 1 and 2.**

Findings in the previous section suggest that pre-separation family income may be related to whether children live with their mother or father after parental separation. It is also possible that the parents' employment, particularly that of mothers, influences decisions made about living arrangements and child support when the parents separate. With data collected both before and after separation, it is possible to address these questions directly and gain new insight into the relationship between economic factors and adapting to family change. The following analysis is based on approximately 500 children whose parents separated between Cycles 1 and 2 of the NLSCY and who were still living apart at the time of Cycle 2.

3.1 PRE-SEPARATION FACTORS, CUSTODY AND CONTACT

Looking at children whose parents separated between the two cycles provides interesting insight into living arrangements and father-child contact during the period immediately following the separation. That fathers remain closely involved with their children in the first year or two is apparent (see Figure 7). At the time of Cycle 2, almost a quarter of children were living full time (10 percent) or part time (14 percent) with their fathers; and more than half saw them at least once a week (36 percent) or once every two weeks (15 percent). Of the rest, most had irregular contact (17 percent) and only 8 percent no longer had any contact with their father.

Figure 7 Type and frequency of contact with father in 1996-97 for children whose parents separated between Cycles 1 and 2, NLSCY

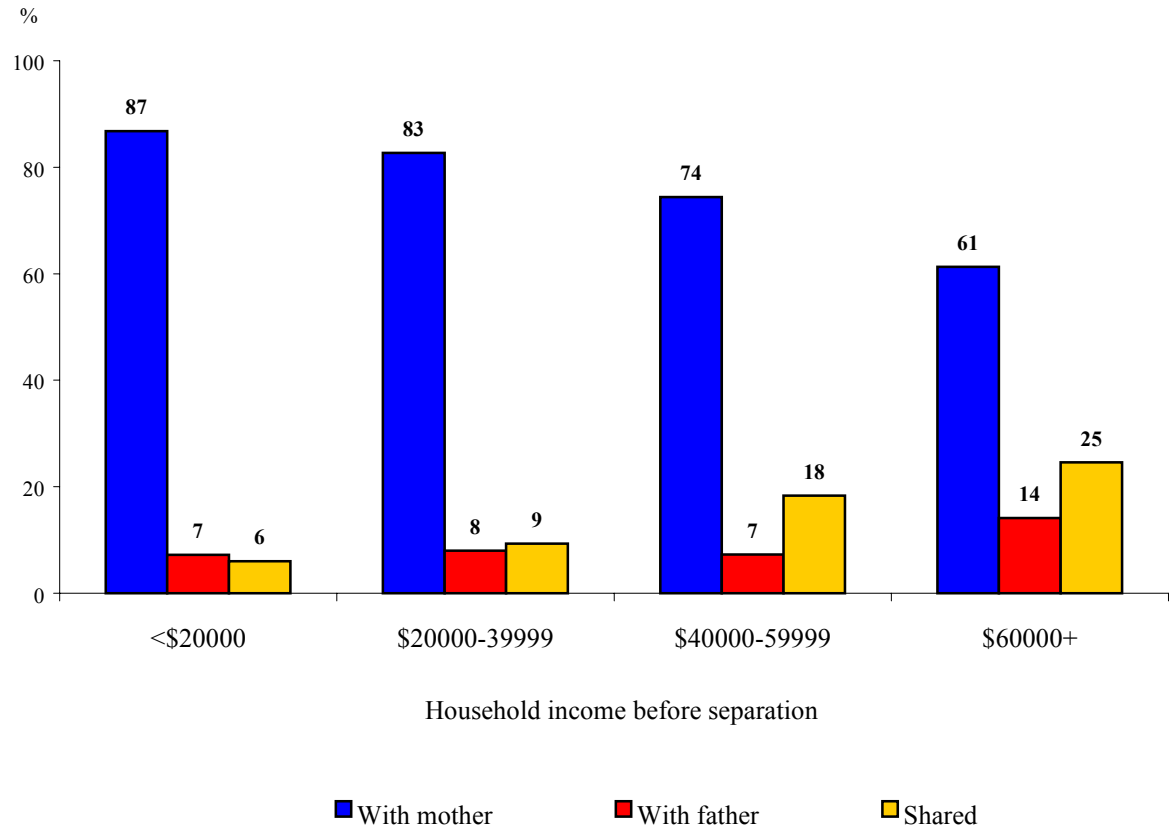


Pre-separation family income and custody arrangements

Figure 8 relates children's living arrangements after parental separation (whether living with their mother, father or in shared custody) to the family's income before the parents separated.[5] The distributions suggest that pre-separation family income is linked to the type of custody arrangement adopted by separating parents. The relationship is particularly clear in the case of shared custody, with proportions rising steadily as family income rises. Children in families with an annual income greater than $60,000 are four times (25 percent) as likely to share time between both parents than are children in families with an annual income of less than $20,000 (6 percent). Shared custody appears to be an increasingly common arrangement among separating parents with the financial means to support two family homes. The link between father custody and income is less clear, however. Although children in families with an income of $60,000 or more are twice as likely to live with their father than other children, below this level, there is little variation in the proportions (7 percent and 8 percent). Nonetheless, it is clear that **the higher the family's income before parental separation, the more likely children are to go on living at least part of the time under the same roof as their father.**

[5] The data used relate to the income of the household in which the child lived. As most households contain a single family unit, in this report the terms "household income" and "family income" are used interchangeably.

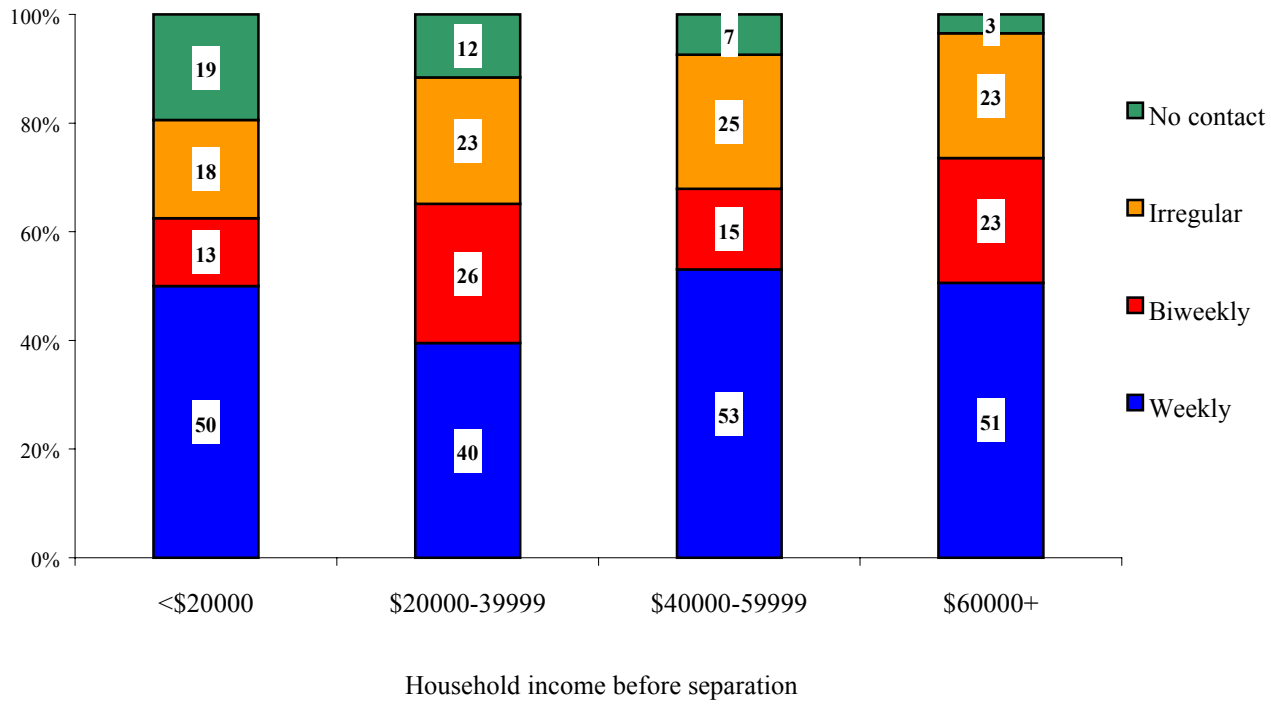
Figure 8 **Living arrangements at Cycle 2, for children whose parents separated between Cycles 1 and 2, according to the household income before separation, NLSCY, 1994-94 and 1996-97**



Pre-separation family income and contact with non-resident fathers

Another question, related to this, concerns the frequency of contact that *non-resident* fathers have with their children. Does family income before separation affect the amount of time fathers spend with children who live with their mother after separation? If the payment of child support is linked both to a father's ability to pay and to the frequency of contact he has with his children, we would expect non-resident fathers from higher income families to stay more closely involved with their children after the separation than fathers from lower income families. However, the findings presented in Figure 9 support this hypothesis only with regard to the father actually losing contact with the children: almost one in five non-resident fathers (19 percent) from the lowest income families compared to only 3 percent of non-resident fathers from high-income families lost contact with their children within the relatively short period between the separation and the survey. Beyond this, the association is less clear. Non-resident fathers at both extremes of the income scale, for instance, are virtually indistinguishable in terms of the proportions remaining closely involved with their children; approximately half the children in these groups see their father at least once a week. Clearly, income alone cannot explain variations in the level of contact that non-resident fathers maintain with their children.

Figure 9 **Level of contact with non-resident father of children living with their mother at Cycle 2, among children whose parents separated between Cycles 1 and 2, according to the household income before separation, NLSCY, 1994-95 and 1996-97**



Women's employment and custody arrangements

The connection between family income before parental separation and children's living arrangements afterwards is not necessarily a causal one, however. We have seen that families with higher incomes are also families in which both parents are employed. In families with mothers who work, fathers tend to be more involved in caring for their children; they may be more competent parents, with more confidence in their ability to look after their children, and they may more likely wish to have their children living with them after separating from their spouse. For their part, working mothers may also be more willing to continue sharing the everyday responsibilities for children with fathers after the separation. The information in Table 7 supports this hypothesis.

- **Shared living arrangements are most commonly chosen by parents who both had paid employment, full-time or part-time, before separation.** About 20 percent of children with both parents in the labour force were alternating between parents' homes, compared to less than 6 percent of those with only one or neither parent employed.

- **Children in single-earner intact families are much more likely than other children to be living with their fathers after their parents' separation.** One fifth of these children (20 percent) were living with their father at the time of Cycle 2, compared to less than 8 percent of children with parents in other types of work-sharing patterns.

- **The chances are very high that children remain with their mother (89 percent) when neither parent had full-time employment before the separation.**

In other words, it is possible that the apparent association between income and custody arrangements is due to this relationship between women's employment and custody arrangements, in the sense that family income is higher when mothers also contribute to the household income. To get a better understanding of how these two factors are related to decisions about children's living arrangements when the parents separate, we conducted a multinomial logistic regression analysis, controlling for a number of other elements measured in Cycle 1 that are likely to influence custody arrangements. Concretely, we wished to test how income, mother's work and other potentially important variables influence whether children live in shared custody or with their father, rather than remaining with their mother as is most often the case. The other variables in the analysis included the parents' level of education, the mother's employment status, the type of union into which the child was born, whether or not the parents had children from an earlier union, the number of children in the household, the age of the parents and children at separation, the child's sex, and the region (Quebec versus the rest of Canada).

The regression analysis confirmed the significant role played by both income and the mother's employment in the choice of custody arrangement, even when the effect of other characteristics are taken into account.[6] **The higher the income, the more likely children are to be living with their father or in shared custody.** However, beyond this similarity, a very different picture emerges of the circumstances favouring shared rather than the father's sole custody (compared to living with the mother). First, income seems to play a more direct role in shared custody, which is to be expected given the need for two family homes. The mother's employment also is crucial, with shared custody significantly more likely among women who were in the labour force before the separation. All in all, the profile of separating couples choosing shared living arrangements for their children is one of relatively well-off couples, with older, educated fathers and working mothers—couples who may well have relative "equality" of gender roles in the family. This profile is also more common in Quebec, and in families with no more than two non-infant children.

[6] Anyone interested in more detailed information on this analysis should contact the authors.

Table 7 Living arrangements for children whose parents separated between Cycle 1 and 2, according to the parents' pre-separation labour force participation, NLSCY, 1994-95 and 1996-97

Employment situation before separation (1994-95)	Child's living arrangements in 1996-97			Total	N
	With mother	Shared living arrangements	With father		
Both parents, full time	75.3	19.8	4.9	100.0	182
1 full time / 1 part time	72.7	20.0	7.3	100.0	110
1 full time	74.2	5.8	20.0	100.0	120
Neither full time	89.0	5.5	5.5	100.0	73
TOTAL	76.5	14.2	9.3	100.0	485

The context encouraging the relatively uncommon arrangement in which children live with their father after separation appears to be rather different, and more influenced by mother-related factors. The multivariate analysis confirms the importance of the mother's labour force status, with fathers far more likely to keep children with them after separation if the mother was not employed, and especially if she had not completed high school. The number of children is also important, with children in two-child families more likely to remain with their father than single children or those with more than one sibling.

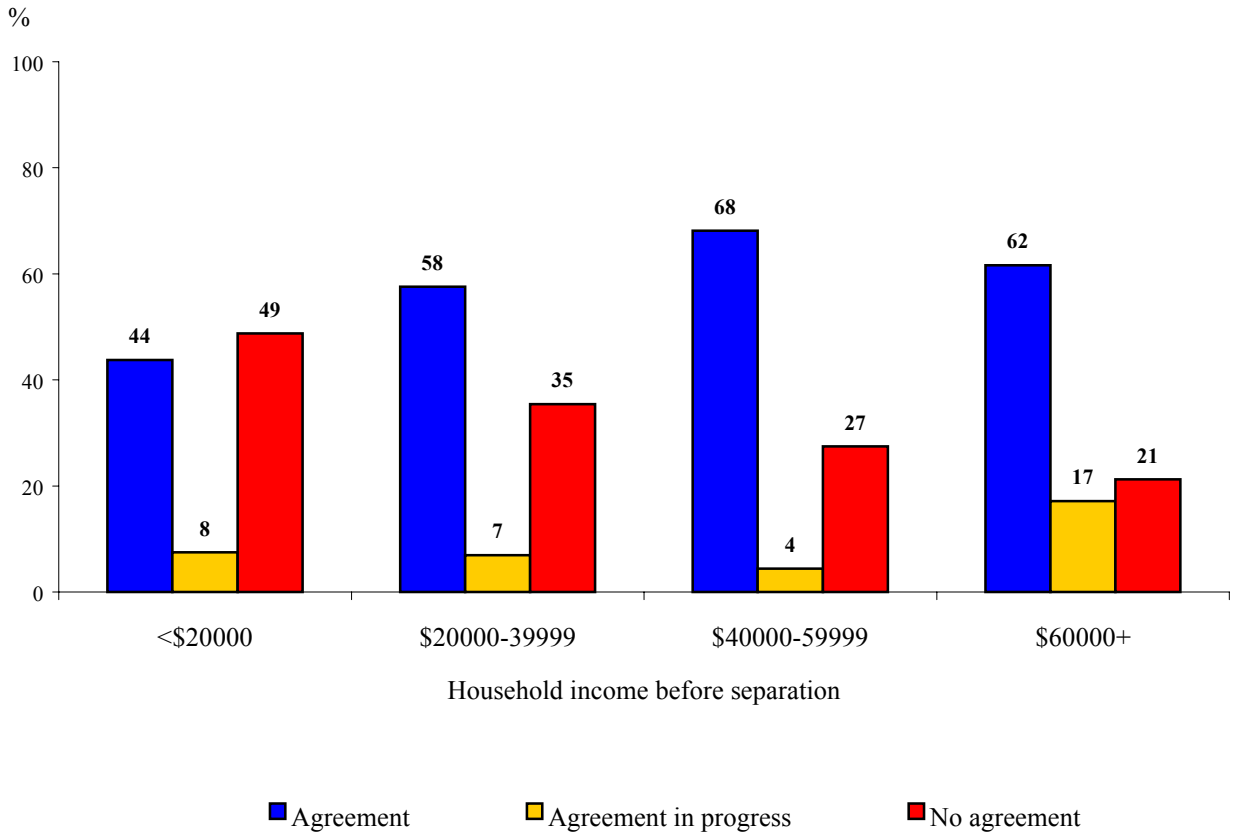
3.2 PRE-SEPARATION FACTORS AND CHILD SUPPORT

Many factors influence the payment of child support, but one might expect a close association with two factors central to this report: whether the non-resident parent can afford to pay, and how financially dependent the custodial parent is on the child support payments. The ability to support two households rather than one depends largely on the level of pre-separation family income; for example, non-resident parents without the means to keep a roof over their heads are hardly in a position to pay child support. The financial dependence of the custodial parent, on the other hand, is determined largely by how parents organized income-earning; mothers who were fully integrated in the labour force before separation and who continue to work afterwards, for example, are less dependent on child support payments than are mothers who were not.

Reaching a child support agreement

The distribution of children whose parents separated between the two cycles, according to whether or not parents had a child support agreement or whether an agreement was in progress, is shown in Figure 10. It lends support to the hypothesis that the higher the family income prior to separation, the more likely separating parents are to reach a support agreement. In 1996-97, nearly half of the lowest income families (49 percent) had no agreement; this proportion decreases with each income increment, to the extent that slightly more than one fifth (21 percent) of the highest income category families were without a support agreement, despite the relatively short period since the separation. Another interesting feature of these figures is the proportion of highest income families with an agreement in progress at the time of Cycle 2: 17 percent, far higher than in the other categories. Do wealthier families take more time than others to reach an agreement? It is possible that they not only have more financial issues to resolve, but that they are also less pressured to settle matters rapidly. We have seen, for instance, that high pre-separation family income generally depends on mothers' full-time employment. At separation, therefore, reaching a support agreement may be a matter of less urgency for working mothers for whom child support income represents a smaller proportion of total income than it does for women without paid employment.

Figure 10 Child support arrangements by 1996-97 for children whose parents separated between Cycles 1 and 2, according to the household income before separation, NLSCY, 1994-95 and 1996-97



Paying child support

Having a support agreement does not necessarily mean that money changes households. At times, payments may not be made because of the nature of custody arrangements. For instance, while a child support agreement exists for more than three quarters of children in shared custody, the agreement may not entail money passing from one parent's household to the other. In the following analysis of the link between income and the regularity of child support payments, therefore, only children living with their mother have been included in the distributions shown in Table 8. For each pre-separation income category, proportions are given for those whose parents have no agreement, have an agreement in progress, or have reached an agreement on the payments to be made by non-resident fathers. Those with a support agreement are further subdivided according to whether payments are made regularly (if late at times), or irregularly or not at all.

Table 8 **Child support agreement and payments for children whose parents separated between Cycles 1 and 2, and who were living with their mother at Cycle 2, according to the family income before separation, NLSCY, 1994-95, 1996-97**

Child support agreement	Family income before separation				Total
	Less than $20,000	$20,000-$39,999	$40,000-$59,999	$60,000 or more	
No agreement	**47.2**	**37.8**	**21.7**	**21.5**	**32.1**
Agreement in progress	**6.9**	**4.4**	**6.0**	**24.7**	**10.2**
Agreement	**45.9**	**57.8**	**73.3**	**53.8**	**57.7**
• regular payments	15.3	36.3	55.4	49.5	39.7
• irregular or absent payments	30.6	21.5	16.9	4.3	18.0
Total	100.0	100.0	100.0	100.0	100.0
N	72	135	83	93	383

These distributions emphasize the close link between income and support payments. **Not only are support agreements more common in higher income families, payments are also more reliable.** Payments are irregular or absent for just 4 percent of children in the highest income families compared to more than 30 percent of those in the lowest income category. In fact, among the lowest income separating families, not only was an agreement reached for fewer than half (46 percent) of the children who remained with their mother, in only one third of such cases was the agreement adhered to. Overall, regular child support was received for only 15 percent of these children. Evidently, supporting two households on an income that previously supported one entails many financial adjustments in the best of circumstances; in situations in which the family income is barely sufficient to support one household, a transfer of resources from one household to the other is simply not possible.

3.3 SUMMARY

The question explored in this section is whether "intact" family characteristics, such as the level of income and the way parents organize their work schedules, influence the way separating parents divide responsibilities for children. The answer appears to be in the affirmative, for both intact family incomes and parents' labour force participation. On average, fathers from affluent intact families remain more closely involved in their children's daily lives than those from less well-off families, in the sense that they more often have sole or shared custody of their children. The relationship between income and shared custody is particularly clear, and to be expected given the need to support two households. Beyond this, however, other influences are at work. While many fathers from low-income families have frequent contact with their children, having insufficient means to pay child support means that a certain proportion of these fathers lose contact with their children fairly quickly after the separation—something that rarely happens among fathers in higher income families. In families with both parents employed, fathers are more likely to have been involved in the daily care of their children, and may more easily envisage caring for their children alone after separating from their wife. Moreover, working mothers may also be more willing to share custody with fathers who had been actively involved in raising the children before separation. These are among the factors that undoubtedly influence the decisions made by separating parents about custody and child support. However, as the following section shows, regardless of whatever couples may agree upon in the period following separation, for many children the arrangements change as the circumstances of mothers, fathers and the children evolve.

4. CHANGES OVER TIME: LIVING ARRANGEMENTS, FATHER-CHILD CONTACT AND CHILD SUPPORT

The custody and access arrangements put in place when parents separate are far from static, evolving in response to developments in the lives of the individuals involved (Maccoby and Mnookin, 1992). Data from the first two cycles make it possible to assess the extent of modifications both in the children's principal residence (living with father or mother, or alternating between parents) and the contact maintained with the "other" parent over a two-year period. The small number of children in their father's custody after separation, however, makes it difficult to include levels of mother-child contact, so only variations in the level of father-child contact are shown.

4.1 CHANGES IN CHILDREN'S LIVING ARRANGEMENTS AND FREQUENCY OF FATHER-CHILD CONTACT

Figure 11 presents the distribution of children according to living arrangements and father-child contact in 1994-95 and 1996-97 for children whose parents were already living apart in 1994-95.[7] The rise in the proportion of children living with their father (from 7 percent to 12 percent) shows that some fathers strengthen the relationship with their children over time. For others, contact becomes less frequent and may even stop: 23 percent of children had lost contact with their father by 1996-97, up from 17 percent in 1994-95. However, the most conspicuous change is the declining proportion of children in shared custody: from 8 percent to less than 1 percent.

Comparing cross-sectional distributions, however, hides the true extent of changes in children's lives. In fact, more than 40 percent of these children experienced some change in their contact with their father in the two-year period separating the cycles (see Table 9). The only children for whom the relationship with their father remained constant were those in their father's custody in 1994-95, almost all were still living with him at the end of the period. Children in shared custody in 1994-95 were most affected; more than 90 percent had different living arrangements two years later. However, this did not necessarily mean less contact with their father, since approximately 40 percent were living with him full-time at the end of the period. Moreover, most of the other children who had moved in with their mother continued seeing their father regularly.

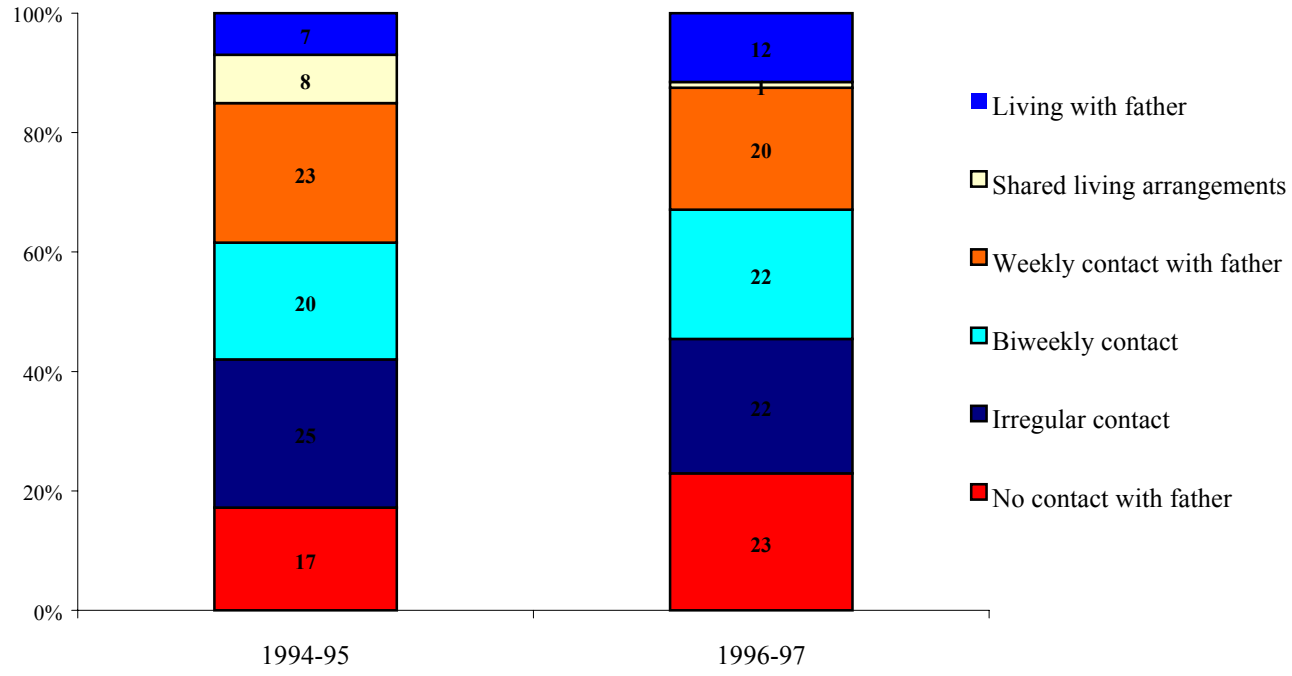
[7] A small proportion of children (4 percent) whose parents were together again at Cycle 2 are not included in the following analysis.

Table 9 Contact with father in 1994-95 and 1996-97 among children of separated parents who were living with their mother in 1994-95, NLSCY

Contact with father in 1994-95	Distribution in 1994-95		Living arrangements/contact with father in 1996-97						Total	Change between Cycle 1 and Cycle 2 (%)
			Living with father (%)	Shared living arrangements (%)	Lives with mother, contact with father					
	N	%			Weekly (%)	Biweekly (%)	Sporadic[1] (%)	No contact (%)		
Lives with father	119	7	**96**	-	-	-	-	-	-	4
Shared living arrangements	137	8	41	**9**	24	20	6	-	100	91
Lives with mother, contact with father										
• weekly	399	23	2	-	**56**	19	13	10	100	44
• two weekly	334	20	2	-	15	**60**	14	9	100	40
• sporadic[1]	424	25	2	-	10	11	**55**	22	100	45
• no contact	294	17	-	-	-	7	15	**78**	100	22
Distribution 1996-97	1,707	100	12	1	20	22	22	23	**100**	41

[1] Includes monthly visits, holidays only or irregular visits.

Figure 11 Distribution of children with parents separated before Cycle 1, according to living arrangements and contact with father, NLSCY, 1994-95 and 1996-97



Although research indicates that father-child contact tends to decline with time following the separation, many children living with their mother in 1994-95 were actually spending more time with their father two years later. The figures in bold on the diagonal show the proportion of children in each situation who had roughly the same amount of contact with their father at the beginning and end of the period. The percentages above and to the right of the diagonal represent a decrease in time spent with the father; those below and to the left, an increase.[8]

Overall, among children living with their mother at the time of Cycle 1, 16 percent had more and 23 percent had less contact with their father (data not presented). For instance, among children with regular weekly or biweekly contact with their father in 1994-95, three quarters still had frequent contact in 1996-97, and a small percentage had moved in with him. However, about 10 percent of these children had lost touch with their father, though the data do not enable us to establish the reason for this. At the other end of the scale, more than one fifth of children (7 percent and 15 percent) who were not in touch with their father in 1994-95 had some contact with him by 1996-97, although in the majority of cases this contact was sporadic.

[8] The direction of change is obviously linked to the type of arrangements already in place at Cycle 1. Any change in the frequency of contact for children in the "no contact" category, for instance, can only be towards more contact.

To summarize, this analysis of changes in living arrangements and contact with father indicates the following.

- **Living arrangements for children in their father's custody are very durable.** Nearly all children living with their father in 1994-95 were still in his care two years later. Although relatively infrequent (7 percent of children in 1994-95), the factors responsible for this type of arrangement appear to encourage its continuation.

- **Living arrangements for children in their mother's custody are also stable; the frequency of contact with their father, however, varies over time.** Two fifths of the children who had some form of contact with their father at the start of the period had a different level by the end of it.

- **Shared living arrangements appear to be more flexible.** Nine tenths of the children with shared living arrangements at the time of Cycle 1 had a different arrangement two years later. More than two fifths (41 percent) lived with their father, and half were with their mother; most of the latter maintained regular contact with their father.

- **Changes in levels of father-child contact are not unidirectional:** two fifths of the changes represented more contact and three fifths less contact.

- **The absence of father-child contact is not necessarily permanent.** More than one fifth of children with no contact in 1994-95 had some form of contact (generally "irregular") by 1996-97.

In other words, the most consistent father-child contact is found at the two extremes, among children who live with their father and among those who have no contact with him. In between, there is a lot of movement, particularly among those with shared living arrangements. This situation is chosen by a growing minority of parents at separation (rarely entered into at a later date) and often evolves into a different form of custody after a number of years. Overall, the more frequent the contact with the father at the time of Cycle 1, the more frequent this contact remained two years later. The majority of children who lost contact with their father during the period had only intermittent contact with him at the start, although an almost equal proportion of the latter had a more solid relationship with their father by the end of the period.

4.2 CHANGES IN CHILD SUPPORT PAYMENTS

Child support is an important component in children's well-being following parental separation. Research shows a positive relationship between the payment of child support and children's educational attainment and other behaviour (Amato and Gilbreth, 1999; Argys et al., 1998; Bartfeld, 2000; McLanahan et al., 1994). However, only limited information is available about child support for the first two cycles of NLSCY. Respondents were asked whether or not they had a private or court-ordered support/maintenance agreement; those who had an agreement were asked how regular the support payments had been. In the absence of an agreement, or if the agreement was in progress at the time of survey, no direct information is available on the

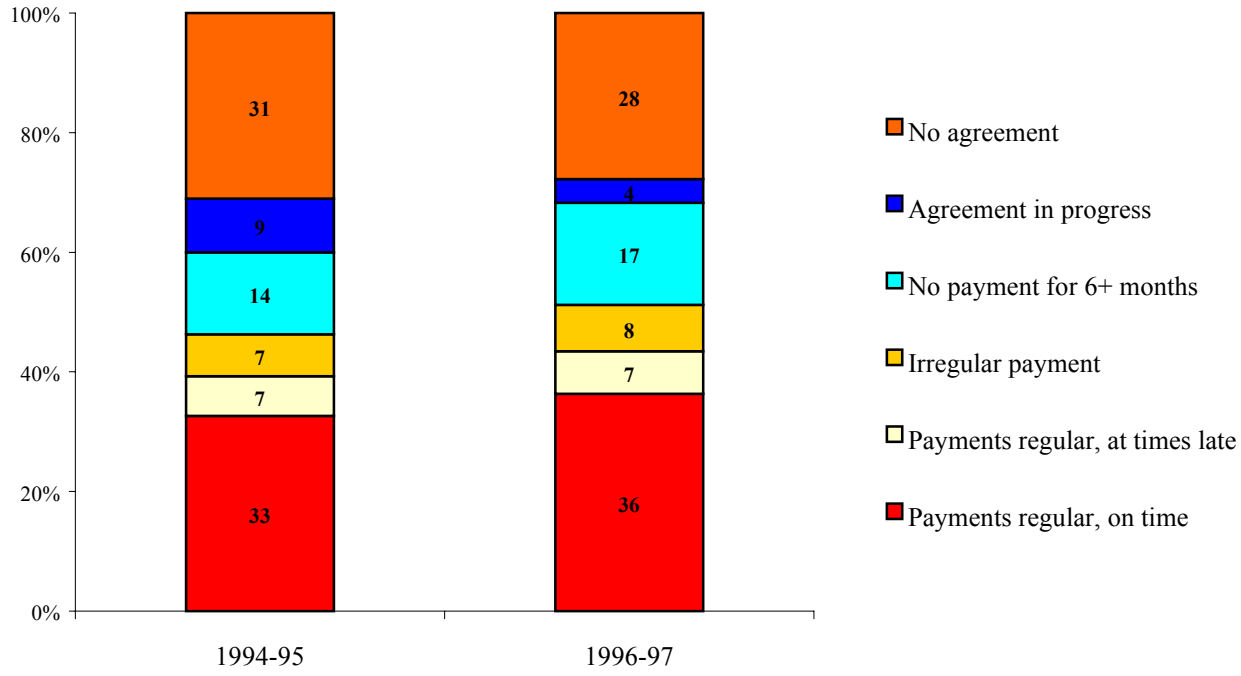
existence or regularity of support payments,[9] which makes changes in child support payments during the period difficult to assess. Already limiting the analysis of Cycle 1 data (Marcil-Gratton and Le Bourdais, 1999), this problem is magnified when attempting to assess the evolution between the two cycles. For instance, a sizeable proportion of individuals with an agreement in 1994-95 (and therefore a response to the question on the regularity of payments) stated two years later that they had no agreement or an agreement in progress (and therefore were not asked about the regularity of payments). For these cases, it is not possible to assess whether, and in what way, support payments changed during the period, because the absence of a support agreement does not necessarily imply the absence of child support payments. Among mothers reporting an agreement in progress, a relatively high proportion declared receiving some income from child support (34 percent and 48 percent at Cycles 1 and 2 respectively).[10] This proportion was much smaller for those without an agreement (6 percent and 8 percent at Cycles 1 and 2, respectively).

This problem reflects the changeable nature of child support arrangements over time, and although it imposes certain limitations, it does not prevent analysis of the question. Figure 12 compares the distribution of children whose parents were separated at the time of both cycles in terms of whether or not there was a support agreement, and how regularly payments had been made (four categories). In 1994-95, a support agreement existed for three fifths (60 percent) of the children of separated parents; for 9 percent, an agreement was in progress, and 31 percent were without an agreement. Payments were made regularly and punctually for one third of the children (33 percent), i.e. for more than half of the children with an agreement. In just under a quarter of cases in which an agreement existed, no payments had been made for at least six months before the survey. By 1996-97, the overall situation had improved to some extent, with the proportion of children with a support agreement rising from 60 percent to 68 percent. This did not always translate into maintenance support payments, however. While the percentage of children for whom payments were made regularly increased during the period, so did the proportion of those for whom no payment had been made in the past six months, from 14 percent to 17 percent. Moreover, almost one third of children were still declared either without a support agreement (28 percent) or with one in progress (4 percent).

[9] Information on income sources, however, provides an indication of the minimum proportion of mothers with an agreement in process, or without an agreement, who received some income in the form of child support payments at the time of the survey. It does not include the regularity of these payments.

[10] These proportions represent a lower limit, since not all mothers consider child support payments a part of their income. A sizeable minority of mothers declaring regular child support payments in the custody section did not report "child support" as a source of income.

Figure 12 Distribution of children with parents separated before Cycle 1, according to whether a child support agreement exists and, when it does, the regularity of support payments, NLSCY, 1994-95 and 1996-97



However, a detailed look at the evolution of child support arrangements during the period reveals a much more complex and changing picture, largely concealed by these cross-sectional images. Table 10 shows the movement of children between child support categories during the two years separating the survey waves. As child support arrangements do not work in the same way for children in shared custody, and as mothers are much less likely to provide child support for children in their father's custody (Seltzer, 1994), this table includes only data related to children reported living with their mother at the time of both surveys.[11] In this table, the figures in bold on the diagonal show the proportion of children for whom the situation remained stable throughout the period. Among children for whom payments were regular and on time in 1994-95, for example, this was still the case two years later for 71 percent of them. The proportions within the rectangle refer to children with a child support agreement at the time of both surveys, and for whom information on the regularity of payments was therefore available at the start and end of the period. Within this rectangle, figures above and to the right of the diagonal indicate a decline in the regularity of payments, while those below and to the left indicate greater regularity.

[11] These distributions are therefore not the same as those in Figure 9, which included all children in the sample.

Table 10 Distribution of children living with their mother, according to the existence of a support agreement and the regularity of payments in 1994-95 and in 1996-97, NLSCY

Support agreement and payments in 1994-95	Distribution in 1994-95		Support agreement and payments in 1996-97						
	N	%	Regular, on time (%)	Regular, at times late (%)	Irregular (%)	Not for at least six months[1] (%)	No agreement (%)	Agreement in progress (%)	Total (%)
Private or court-ordered agreement, payments:									
• regular, on time	486	**31**	**71**	10	3	8	5	3	100
• regular, at times late	118	**8**	42	**25**	6	14	14	0	100
• irregular	117	**8**	22	10	**30**	25	4	9	100
• not for at least six months[1]	233	**15**	9	3	14	**54**	15	5	100
No agreement	446	**29**	12	2	3	15	**65**	3	100
Agreement in progress	146	**9**	25	18	24	14	10	**8**	100
Distribution in 1996-97	1546	**100**	**34**	**9**	**9**	**19**	**25**	**4**	**100**

[1] Includes a small number of children for whom payments stopped due to "a change in circumstances".

Overall, approximately 45 percent of children in their mother's custody moved from one child support "category" to another during the period, a proportion that varies depending on the type of arrangement in place in 1994-95.[12] The most salient features of the evolution of child support during the period are the following.

- **Once the payment of regular and punctual support is established, it tends to continue.** For more than 70 percent of children in this category in 1994-95, regular payments continued throughout the period. Only 11 percent no longer received regular support after two years (although this may also be true for some or most of the 8 percent of children without an agreement in 1996-97).

- **Receiving any kind of support, even if payments are late or irregular, is a positive sign.** Late or intermittent support payments often become more regular with time. For almost one third of children receiving irregular payments in 1994-95, for example, payments became more reliable during the period (22 percent and 10 percent).

- **The absence of support payments is not necessarily permanent.** More than a quarter of children (9 percent and 3 percent and 14 percent) who had received no support for at least six months in 1994-95 received some sort of payment in the interval. In almost half the instances, these payments were made regularly by 1996-97.

- **The absence of a support agreement is not necessarily permanent, although the chance of coming to an agreement later on is relatively low.** Two thirds of children (65 percent) for whom there was no agreement in 1994-95 were in the same position two years later. Moreover, among those who had reached an agreement in the interval, fewer than half (12 percent and 2 percent) were receiving payments regularly in 1996-97.

4.3 SUMMARY

As with levels of father-child contact, the support arrangements in place at one point in time have a strong influence on how the situation evolves. However, unlike father-child contact, the overall trend does not appear to be towards a lower level of commitment to a child's economic support. Among children with a support agreement at both dates, on average child support became more reliable over the period. However, this is offset to some extent by the sizeable proportion of children for whom the support agreement in place at the time of Cycle 1 was an agreement in name alone by the time of Cycle 2.

Evidently, the breadth of this analysis is limited by the data available. For the third cycle of NLSCY, extra information has been collected, including the following:

- the reason for the absence of a child support agreement;

- the type of agreement regarding child support for those with a private arrangement;

[12] Certain changes, particularly those in and out of "no agreement" or "agreement in progress", do not necessarily mean a change in child support payments.

- the means of payment of support (directly, through the court, enforcement program, etc.); and
- the proportion of the awarded payments that were actually received.

This new information should not only provide a much better picture of the circumstances surrounding child support agreements and payments, it should also put us in a better position to evaluate the role played by family recomposition in the evolution of non-resident parents' investments in children.[13] While research has consistently shown a close association between the payment of child support and the contact maintained by fathers and their children, much less is known about how the arrival of stepparents, stepsiblings or half-siblings affects child support. One might expect that fathers uniting with a new partner might have less time and resources for their children, particularly if their new partner has children of her own or if they have had a child together. Also, for a non-resident father, it seems likely that the arrival of a new "father" in his children's life might trigger some change in the amount of time and money he is willing to invest. Relatively little data on the subject exists, but two recent studies have examined how new partners and children in the father's life affects investments in non-resident children (Manning and Smock, 1999; Smock and Manning, 2000). Their findings indicate that it is not the arrival of a new partner or her children in a man's life that reduces his investment in other biological children as much as the birth of additional children with the new partner. Future NLSCY data will be able to provide more insight into the impact that stepparents, stepsiblings and half-siblings have in the continuing relations between children and fathers.

[13] Problems currently emerging with these data may reduce their usefulness, however.

CONCLUSIONS

Collecting data about the same children at different times opens up many possibilities in terms of the type of questions that can be asked and the way in which these questions can be addressed. It is now possible to examine the impact of family change from the point of view of the situation *before* the change took place, rather than being limited to the consequences of this change. This first phase of research into the impact of parents' family transitions on children's family environment and economic well-being has taken advantage of these new opportunities to explore three main issues: 1) the link between family type, income and the way income-earning is shared by parents within the family, with a particular focus on the impact of two specific family transitions, parental separation and stepfamily formation; 2) the influence of "intact" family characteristics, such as income or parents' labour force participation, on the decisions that separating parents make about custody arrangements and child support, and 3) the changing nature of custody, contact and child support arrangements over time.

The analyses confirm the close association between family structure and the financial resources available for children's upbringing, and clearly illustrate the impact of couple formation or dissolution on a family's financial circumstances. They also highlight the relationship between the number of potential income-earners in a family, the level of income, and the strategies available to parents in terms of balancing income-earning with the other responsibilities of family life. Intact family income and the way parents organize their work schedules have a strong influence on the way parents divide responsibilities for children when they separate: the greater the equality (or interchangeability of roles) of the couple when they are together, the more equal the sharing of responsibilities appears to be when they separate. Nevertheless, as the final analyses showed, custody, contact and child support undergo considerable change in the years following separation, and shared custody is particularly open to change.

What are the implications of this research for social policy? Perhaps the most important message from research into family change is the great diversity of the experience and behaviour of Canadian families—with regard to their family life course, to the income they have at their disposal and the choices they make about balancing income-earning with other family responsibilities. However, it is this very diversity that presents one of the greatest challenges to policy makers, as Joseph Heath put it so cogently in his keynote speech at the Ready Set Go Conference in Ottawa (January 2002). Promoting social justice in a society in which diversity and freedom are fundamental values means reconciling the freedom of choice of individuals with the need to protect the rights of others who may be affected by the choices. The challenge, in this case, is to reconcile parents' freedom of choice in terms of their conjugal life with the responsibilities of parenthood.

Our analysis has revealed considerable variation in certain aspects of the ways that couples balance income-earning with caring for children. Some families choose, or need, to have both parents in the labour force full time; others prefer to have a parent at home all or part of the time to raise the children. Values do not necessarily change when parents separate, although the freedom to live in tune with these values may. Poverty may force some mothers (who had chosen to stay at home with the children) to go out to work; others who were working may feel obliged to reduce their hours or leave their job completely in order to care for their children.

Ideally, policy needs to take this into account and to find ways to enable separated parents and children to successfully adapt to changes, and in ways that are most in line with their values, experience and education. Having a job may not be the most satisfactory course for all lone mothers, for example. Our analysis showed that the most affluent single mothers were already fully involved in the labour force before they separated; adequate child care services may certainly help these mothers remain in the labour force after separation. A poorly paid job, however, is not necessarily the best solution for unqualified mothers with little work experience and with young children at home.

Shared custody presents a particularly important challenge to policy makers, with increasing numbers of separating couples deciding to share responsibility for their children's care. With mothers more involved outside the home, fathers are becoming more involved within it, and are more likely to wish to remain fully integrated in the daily lives of their children. Since the demand for greater equality in child-sharing after parental separation is likely to grow, it is essential to understand how shared-custody arrangements evolve and why many couples decide to move to another kind of arrangement. Do they end for negative reasons, because of the organizational difficulties involved in having two residences? Or are they an important step in the process of separation, providing a period during which parents and children adjust to the reality of no longer having daily contact with each other, and easing the passage towards a single residence? NLSCY data are not designed to answer these questions. Qualitative research with families who have experienced shared custody needs to be carried out, not only to understand the dynamics of shared custody, but also to expand the range of possible strategies for sharing children's care. The choices available to separating parents should better reflect the diversity of the needs of Canadian families.

Social policy also must take into account other aspects of the very changeable nature of custody and child support arrangements highlighted in section four of this report. Family life involves constant adjustment in terms of time spent with children and financial investments in them, even when both parents reside with their children. When they do not, the adjustments are even more of a challenge. In an intact family, both parents are normally involved in the decision to have another child, for example, and are therefore willing to accept the adjustments involved. This is obviously not so for separated parents, who may resent the time and money investments made by the "other parent" in additional children, especially if it entails a reduction in the share given to their own. In other words, it is essential to design flexible policies that incorporate the notion of change. No single custody arrangement or child support arrangement can be best for all children and for all time. What is in children's "best interests" at one time may not be at another. Children's needs change and a mother's or father's family or working life may evolve, and successful policies need above all to be able to move with these changes.

Family transitions rarely occur without having a substantial impact on the financial circumstances in which children are raised. Quite simply, moving from a two-parent to a one-parent family decreases family income, and vice-versa. The relative decline in income depends largely on the level of family income and the pattern of income-earning preceding the separation: the greater the contribution of the "absent" parent to the household before the separation, the greater the loss of income following separation. Conversely, income also has an impact on family transitions, influencing the arrangements made by separating parents about their children's physical care and financial support. The present research constitutes the first step of a

research program that aims, from the wealth of data provided by consecutive cycles of NLSCY, to gain a better insight into the evolution of these relationships, to create an image of the changing and complex family lives of parents and children, to understand how parents adapt to these changes in terms of sharing responsibilities for their children, and ultimately to improve our knowledge of the factors that facilitate or hamper children's successful adjustment to these changes.

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