

U8216 Microeconomics and Policy Analysis  
Fall 2000  
Group Project 2

Welcome to Williamsport, PA: home of Little League Baseball. Little League Baseball Inc, the official governing body, has hired you as their consultants because of your reputations labor supply experts (although you have a sneaking suspicion that the legends of your prowess on the diamond was not without influence on their hiring decision).

“Child support,” the men at Williamsport have told you, that’s our biggest problem. We can’t get guys to coach or umpire or be commissioners at the local leagues. Everybody’s saying they have to work day and night to pay child support, and so they can’t find the time for Little League. We want you to investigate and figure out what changes (if any) in child support we should support. Our concerns are twofold: we want to keep Little League well-staffed with volunteers, and we want to help kids.”

In investigating the effects of different child support rules on Little League, here are some questions you might want to think about (I’ll use male pronouns for non-custodial parents and female for custodial parents because that’s the way it usually works out):

- In the US, child support payments are a percentage of the non-custodial parent’s monthly earnings. Think about a non-custodial father. What does the theory of labor supply say about how eliminating or enforcing child support payments would affect the amount of time he works? The amount of time he has left over for leisure activities like Little League? What is the empirical evidence?
- Child support payments do not now vary with the custodial parent’s income. Think about a custodial mother. What does the theory of labor supply say about how eliminating or enforcing child support payments would affect the amount of time she works? The amount of time she has left over for leisure activities like Little League? What would the effect be of making child support payments depend on her income (the more she makes, the less the non-custodial father has to pay)?
- What would the effect of changing child support rules on total time available for Little League be? In this model, is abolition or relaxation a good idea for Little League to support?
- At the time these studies were made, only a small proportion of non-custodial parents were making support payments (despite orders). Do you think these studies are a reliable guide to a system of mandatory, universal payments? (Think of non-custodial parents consuming three good: leisure, welfare of the child, and other stuff; and differing in their preferences for the second good.) Explain.
- One suggestion the Little League folks have asked you to examine is switching to a system of lump sum payments. Under such a system, non-custodial parents would be required to pay a given amount every month, no matter how much they actually

- earned. The amount would depend on the non-custodial parent's age and education and other relatively immutable characteristics, and would be set to equal the average payments now being made. Compared with the current system, would fixed payments make non-custodial payments work more or work less? Would non-custodial fathers be better off or worse off?
- Since wages vary by race and gender, should these payments vary by the non-custodial parent's race and gender?
  - Different states have different policies on how (re)marriage and new children (either natural or step) affect a non-custodial father's obligations to his original children. What are the implications of different policies for Little League?
  - In talking to some of the Little League guys, you find out that what most bothers them about child support is that they think it's really "mother support." "men wouldn't mind giving to help the kids," they say, "but the money goes to the mothers, not the kids, and the moms use it for hairdressers, booze and nail polish; not things for the kids." If custodial parents consume two kinds of goods – mom-goods and kid-goods – what is the effect on each of them receiving child support payments? What would happen if custodial parents were required to spend all child support money on kid-goods? Would kids be better off? Would moms? Would dads? What if non-custodial parents could pay child support "in kind" – delivering toys or coaching Little League – rather than cash? How would this affect moms, dads and kids?
  - Should non-custodial parents be permitted to hire substitutes, as in the Civil War, to be custodial parents in their stead and thereby discharge all their obligations? Such hiring, of course, would be subject to the approval of the custodial parent. This system would encourage the formation of two-parent families much more than the current system does. Should they be permitted to hire as substitute someone of the same sex as the custodial parent? Should they be permitted to hire social agencies to act in their stead, subject to the approval of the custodial parent? What would the labor supply implications of these systems be? Should they be permitted to hire Little League coaches and umpires as part or all of their child support payments?
  - Why not draft non-custodial parents to work in the armed forces on in community service projects – umpiring and coaching Little League, for instance – for a fixed period of time and then release them to pursue the rest of their lives without distorting taxation? This draft could permit the hiring of substitutes, or it might not.
  - Just what are the benefits of having a child support system? If the goal is to discourage irresponsible parenthood, why not just punish the non-custodial parent once and for all and be done with it? If the goal is to collect revenue, why not pick people at random and raise their income tax rates?

- Will a strong system of child support reduce the extent to which “being responsible” is an attribute of men that women value, and so reduce the incentive of men to be responsible? What will this do to the recruitment of Little League volunteers?

The Little League guys have also noted that child support rules affect how parents act when they’re living together. For two people to live together, both must be doing better than they would be if they were living on their own (or with someone else). If there is some allocation of household tasks and burdens that accomplishes this, then both parents would agree to it. A deterioration of one party’s post-breakup prospects then, *ceteris paribus*, increases the marital burden that that party must bear and reduces the probability of a breakup (since there is more reason to stay together). Conversely, an improvement in one party’s post-breakup prospects *ceteris paribus* decreases the marital burden that that party must bear and increases the probability of a breakup (since there is less reason to stay together). An increase in child support payments or enforcement is a combination of a deterioration in the father’s post-breakup prospects and an improvement in the mother’s – even if a breakup never occurs.

- How does child support affect the Little League participation of fathers in two-parent families? Of mothers? What are you assuming about how different people look at Little League participation?
- How would a lump-sum system rather than a percentage-of-earnings system affect the Little League participation of fathers in two-parent families? Of mothers? How would it affect the proportion of families breaking up?
- How do these considerations modify your recommendations to Little League Inc about what child support legislation they should support?

Please prepare a presentation of about 20 minutes for the Little League Inc board, and be prepared for questions.

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