Child Support and Labor Supply in a High-Informality Setting*

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November 3, 2026

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Abstract

We study how parents adjust their labor supply following family separation and how child support shapes these adjustments in a context of high labor informality. In such settings, child support policies tied to observable earnings can create incentives to work informally. We build a new dataset from child support and family court records in Ecuador, then link it to administrative labor market and census data. Using a matched difference-in-differences design comparing separating parents with similar parents in stable unions, we find that formal employment among fathers, who pay child support, declines by 5% one year after separation, while mothers' formal employment increases by 6%. Mothers' increases seem more closely tied to the need to support their own households, while fathers' declines are more tied to child support obligations; fathers leave formal employment even when co-parents did not previously share a household. We also show that fathers largely shift into informal work, while mothers shift out of inactivity. To inform child support policy design, we develop and estimate a model that incorporates how formality matters for both the amount of child support set and its enforcement. Counterfactual exercises show that making child support amounts and enforcement independent of fathers' employment sector reduces their formal-to-informal transitions by more than half.

Keywords: Labor supply, Child support, Family, Informality
JEL Codes: J22, J12, J13, J16

*This research has received IRB approval from the University of Michigan (HUM00251085). We are especially grateful to our advisors Sara Heller, Ana Reynoso, Mel Stephens, Katherine Michelmore, and Mike Mueller-Smith for their guidance and helpful comments. We thank seminar participants at the University of Michigan Labor Lunch and DevLab, as well as participants at the 2025 CAF WELAC Workshop, the 2025 NTA Annual Conference and the MDev 2026 Conference for helpful comments and discussions. We thank Gustavo Romero and Juan Diego Luna of Romero Arteta Ponce Abogados–Law Firm for providing valuable information on family law in Ecuador. We thank Alejandro Acosta and Katherine Albuja for excellent research assistance. We are grateful to the Instituto Nacional de Estadística y Censos (INEC) in Quito, and in particular to Marcelo Mora and Paul Benavides, for facilitating access to the LDI and supporting the data linkages used in this paper. We gratefully acknowledge financial support from the University of Michigan Department of Economics and the Rackham Graduate School, which made this project possible. All remaining errors are our own.

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I Introduction

Family circumstances shape many economic and social outcomes, including whether and how much parents work (Browning et al., 2011). Family separation is a common experience that changes these circumstances: nearly one-third of children in the United States experience parental divorce before adulthood, while 30 percent of children in Ecuador, the setting of our study, live with only one parent.[1] Understanding how family separation affects parents' labor supply therefore matters both for the composition of the labor force and for the economic well-being of a large share of families.

This paper studies how mothers and fathers adjust their labor supply following family separation and how child support shapes these adjustments in a context of high labor informality. For parents who previously shared a household, separation involves household dissolution and the onset of child support obligations, each with potential implications for parents' labor supply. Household dissolution can affect labor supply through the loss of economies of scale, changes in living arrangements and childcare responsibilities, and changes in mental health. Child support creates additional incentives by shifting resources between separated parents, potentially affecting how much they work, and by tying obligations to parents' earnings, potentially affecting how they earn their income. The latter is particularly relevant in contexts of high informality, where informal earnings are harder for family judges to observe when setting child support amounts and harder for the government to garnish when enforcing payments. Yet existing evidence on parents' labor market responses to separation comes primarily from developed economies, and little is known about the role of child support in regions such as Latin America, where almost half of workers are informally employed (ILO, 2025).

To study labor supply responses following family separation, we build what is, to our knowledge, the first dataset in a developing-country setting to combine detailed child support and family court records with longitudinal administrative labor market histories. Our data come from Ecuador, where approximately 53 percent of employment is informal (INEC, 2026) and fathers are almost always the non-resident parents responsible for child support payments. We systematically retrieve individual records from the public child support payment platform and assemble a nationwide registry linking payers and recipients associated through the same support obligation. For pairs with family-law cases in the province of Pichincha, home to the capital city and approximately 20 percent of Ecuador's population, we retrieve not only the court records associated with their child support obligations but also

[1] U.S. figures are from Johnston et al. (2025). While a comparable estimate is not available for Ecuador, we use the 2022 Population Census to calculate the share of children currently living with only one parent.

their complete joint judicial histories. We use a privacy-protected large language model and regular expressions to transform these records into structured data, extracting information on proceedings, filing and hearing dates, child support obligations, payments, and enforcement. Within Ecuador's National Institute of Statistics and Censuses (INEC, by its Spanish acronym), we link these data to monthly social security records, Civil Registry records, the most recent Population Census, and nationally representative employment survey data.

Our primary analysis follows mothers and fathers as they transition from living together to living apart and enter the child support system. We define the event of interest as the filing of the child support case, when support obligations begin to accrue, and trace parents' monthly formal employment and earnings around this transition. Using a matched difference-in-differences design, we compare these parents with observationally similar mothers and fathers who remain married or cohabiting and do not enter the child support system, matching mothers and fathers separately on age, province of residence, and pre-event formal-earnings trajectories. This comparison captures the labor market adjustment associated with family separation in our setting, where the dissolution of the shared household occurs alongside the onset of child support obligations.

We find that mothers and fathers adjust their formal employment in opposite directions following family separation. Twelve months after filing, fathers are 3.1 p.p. less likely to be formally employed than matched fathers in stable households, a decline of about 5 percent relative to a pre-event rate of 60 percent. Mothers, by contrast, become 3.1 p.p. more likely to be formally employed, an increase of about 6 percent relative to a pre-event rate of 51 percent. Among wage earners who remain formally employed throughout the event window, formal earnings decline by 2 percent for fathers, while we find no statistically significant change for mothers.

Two complementary exercises suggest that child support contributes to fathers' decline in formal employment beyond the effects of household dissolution. First, we compare parents in our main sample with individuals who also dissolve a shared household but do not enter the child support system because they do not have dependent children (some have adult children). Twelve months after the event, fathers who enter child support are 2.4 p.p. less likely to be formally employed, even relative to men who dissolve households without dependent children. This finding suggests that their response goes beyond the labor market adjustments associated with household dissolution. Second, we study an alternative pathway into child support that does not involve contemporaneous household dissolution: parents entering through pregnancy-support or paternity claims around a first birth, compared with parents experiencing a first birth within a stable household. Fathers entering child support along this pathway become 7 p.p. less likely to be formally employed after one year, showing

that fathers' formal employment also declines when entry into child support occurs without household dissolution. For mothers, by contrast, we find no clear differential response when comparing household dissolutions with and without child support, while formal employment increases in the second exercise. This suggests that mothers' increased employment following separation may be driven primarily by the need to support their own households.

Changes in formal employment do not necessarily imply corresponding changes in overall employment, as parents may adjust their participation in informal work. To examine these adjustments, we combine the most recent Population Census with administrative social security records and classify individuals into formal employment, informal employment, unemployment, or inactivity. Compared to their matched controls, fathers experiencing family separation are 6.2 p.p. less likely to be formally employed and 3.3 p.p. more likely to be informally employed, with substantially smaller differences in unemployment and inactivity. Thus, fathers' decline in formal employment largely reflects a shift toward informal work rather than an exit from employment. This reallocation is particularly pronounced among fathers who were formally employed before separation: their 7.2 p.p. decline in formal employment is accompanied by a 5.0 p.p. increase in informal employment, accounting for approximately 69 percent of the formal-employment gap. Mothers exhibit a different pattern. They are 3.9 p.p. more likely to be formally employed, 5.6 p.p. more likely to be informally employed, and 9.8 p.p. less likely to be inactive. These responses are particularly pronounced among mothers who were not formally employed before separation, who are 16.1 p.p. less likely to be inactive and 7.8 and 7.9 p.p. more likely to be formally and informally employed, respectively. Rather than reallocating across sectors, mothers increase their overall labor market attachment, consistent with a greater need for their own earnings as resident parents.

Our empirical analysis documents fathers' reallocation toward informal employment following family separation and entry into child support, raising the question of how child support policies can be designed to limit incentives for informal employment. To inform child support policy design, we develop and estimate a two-period model of household employment, fertility, and separation. In the first period, couples choose their employment sectors and whether to have children, anticipating possible separation and the child support rules they would face. In the second period, couples decide whether to separate. Following separation, fathers choose their employment sector, which affects both the obligation amount, since courts may impute unverifiable earnings at the minimum wage, and its enforcement, since only formal wages can be withheld. We estimate earnings opportunities and preferences for informal work using data on couples before separation and use court and payment records to discipline the determination and enforcement of obligations. We also use

the reallocation of initially formal fathers toward informal employment after separation to discipline how strongly sector choices respond to differences in incentives.

We use the estimated model to evaluate how alternative rules for determining and enforcing child support obligations affect fathers' incentives to work informally after separation. In counterfactuals where only post-separation choices respond, eliminating sector differences in enforcement reduces the share of fathers who switch from formal to informal employment after separation from 5.2 to 3.0 percent. Eliminating differences in how obligations are determined reduces this share to 3.3 percent, while eliminating both differences lowers it to 1.1 percent. When couples' employment, fertility, and separation decisions are also allowed to respond, eliminating both differences reduces formal-to-informal transitions from 5.2 to 2.4 percent, a decline of more than half. These results suggest that child support policies are most effective at limiting fathers' transitions into informal work when they address both the determination and enforcement of child support obligations.

We contribute to the literatures on parents' labor market responses to family separation and to child support by examining these responses in a developing economy, where widespread informality provides an additional margin of adjustment. A set of papers with designs similar to ours follows parents around separation in developed economies and documents increases in mothers' employment, while fathers' responses are more heterogeneous (Bonnet et al., 2021; Klingler, 2025; Dasgupta et al., 2025; Johnston et al., 2025). A separate literature, also based on evidence from developed economies, exploits exogenous variation in child support obligation amounts or enforcement among parents already in the system (Hu, 1999; Cancian et al., 2013; Rossin-Slater and Wüst, 2018; Foerster, 2024). In our setting, mothers increase their employment after separation, consistent with evidence from developed economies, whereas fathers reduce their formal employment, a decline that household dissolution alone does not explain and that largely reflects a shift into informal work.

We also contribute to the broader literature on the economic effects of family law by highlighting how the determination and enforcement of legal obligations can influence labor market outcomes. An extensive literature shows that family law affects labor supply, household specialization, and investments within marriage by changing spouses' outside options and bargaining positions (Gray, 1998; Chiappori et al., 2002; Stevenson and Wolfers, 2007; Fernández and Wong, 2014; Voena, 2015), as well as marriage formation and dissolution (Chiappori et al., 2017; Reynoso, 2024).[2] Relative to this work, we show that the economic incentives created by family law depend not only on the obligations it establishes but also on how those obligations are implemented in labor markets where earnings are not always

[2]See Chiappori and Mazzocco (2017) and Browning et al. (2014) for comprehensive overviews of this literature.

observable.

More broadly, we show that private transfers can shape the labor market along the same formal–informal margin as taxes and public transfers. Existing work shows that taxes and transfers affect whether economic activity is conducted in forms visible to the state (Garganta and Gasparini, 2015; De Brauw et al., 2015; Bergolo and Cruces, 2021; Ulyssea, 2020). Our findings extend this literature: incentives to work informally can arise not only from taxes and public transfers but also from obligations between private parties when courts rely on administrative records of formal earnings to determine and enforce them.

The remainder of the paper proceeds as follows. Section II describes the economic implications of household dissolution and the institutional context governing child support in Ecuador. Section III describes the construction of the dataset and descriptive evidence. Section IV presents the formal labor market responses to family separation and the complementary exercises used to examine the role of child support. Section V examines whether changes in formal employment reflect differences in informal employment, unemployment, or inactivity. Section VI presents the model, its estimation, and the policy counterfactuals. Section VII concludes.

II Economic and Institutional Context

Living together generates economic gains that disappear when a household dissolves. Couples share expenditures, pool resources, and benefit from specialization between market work and household production (Chiappori and Mazzocco, 2017). Separation eliminates these gains: two households must be maintained instead of one, and each spouse loses access to the other's earnings and household production. The consequences are asymmetric. The spouse who specialized in household production may increase market work to replace lost income, whereas the spouse who specialized in market work faces no comparable need and may shed some household responsibilities. For parents, the allocation of childcare adds a further asymmetry. The resident parent combines a greater need to finance consumption with day-to-day childcare, two forces that pull labor supply in opposite directions, while the non-resident parent's time constraints relax. Household dissolution can therefore shape both the magnitude and the direction of parents' labor supply responses.

Child support introduces additional incentives for parents' labor supply following separation. For resident parents, child support payments provide a source of income and may alter their incentives to work. For non-resident parents, child support obligations reduce disposable income and may be perceived as a tax on earnings, particularly when parents have limited control over how payments are spent (Weiss and Willis, 1985; Willis, 1999).

These incentives depend on how obligations are determined and enforced. When obligations are tied to observable earnings and enforcement is easier in formal employment, child support may affect not only how much parents work but also whether they work formally or informally.

In Ecuador, non-resident parents are legally required to make monthly child support payments to the resident parent.[3] Payments are due until the child turns 18, or until age 21 if the child remains satisfactorily enrolled in tertiary education. Child support is intended to cover children's basic needs, including food, education, healthcare, housing, and recreation. It is primarily regulated by the Code of Children and Adolescents (*Código de la Niñez y Adolescencia*) and by the child support tables published by the Ministry of Economic and Social Inclusion (MIES, by its Spanish acronym).

A child support obligation may arise independently of the parents' marital status, provided that the filial relationship between the child and the defendant has been established.[4] Alternatively, when parents divorce and have minor children, child support is determined as part of the divorce proceedings together with visitation arrangements and, when applicable, the division of jointly owned property. Custody arrangements generally designate one parent as the child's primary resident caregiver, while the other parent is granted visitation rights.[5] The legal framework explicitly recognizes unpaid domestic and caregiving work performed by the resident parent as an economic contribution. Consequently, child support obligations are determined on the basis of the non-resident parent's income. In practice, these arrangements are highly gendered: in 97% of the cases in our data, the resident parent is the mother and the non-resident parent is the father. We therefore limit attention to this predominant arrangement throughout the paper.

The MIES tables establish the statutory minimum child support obligation as a function of the non-resident parent's income and the number and ages of dependent children. Although judges may set higher amounts depending on the circumstances of the case, the statutory schedule provides the benchmark used to determine the minimum obligation. The schedule is not proportional. Instead, parents are assigned to discrete income brackets, defined in multiples of the monthly statutory minimum wage (*Salario Basico Unificado*, SBU), with higher brackets facing higher child support rates. The applicable rate is then applied to the parent's entire income rather than only to the portion exceeding the relevant threshold. Consequently, minimum child support obligations increase more than proportionally

[3] Although Ecuadorian law allows alimony under certain circumstances, eligibility requirements are restrictive and such awards are rare in practice. In our judicial records, we identify fewer than ten alimony cases.

[4] Child support claims may also be filed jointly with requests to establish paternity through DNA testing.

[5] See Muso Remache (2025) for a discussion of the legal framework governing shared custody in Ecuador.

as assessed income crosses statutory thresholds.[6] Because obligations rise with the income assessed by the court, non-resident parents may have an incentive to hide income.

Once a petition is filed, the case is assigned to a judge, who establishes a provisional child support obligation. The defendant must then be formally notified before the case can proceed to a hearing. Before issuing a final ruling, the judge may request information from public institutions, including the Ecuadorian Social Security Institute (IESS, by its Spanish acronym) and the Internal Revenue Service, as well as commercial banks, to assess the defendant's financial situation. At the hearing, the judge first attempts to facilitate an agreement between the parties. If no agreement is reached, the judge determines the final child support obligation using the MIES tables as the principal guideline.

Once determined, the obligation amount does not automatically adjust to subsequent changes in the defendant's earnings, beyond annual adjustments for changes in the statutory minimum wage and inflation. In practice, the obligation is therefore earnings-based when it is set but operates largely as a fixed amount thereafter. Subsequent changes in earnings can affect the obligation if either parent returns to court to request an adjustment, with the resident parent seeking an increase or the defendant seeking a reduction.

The distinction between filing and hearing is important for our empirical analysis. Notification is frequently delayed, so the hearing at which the definitive child support obligation is determined may occur several months after filing, with a mean delay of seven months and a median of four months. Filing, by contrast, is precisely dated, marks the beginning of the child support proceeding, and determines the date from which the provisional obligation begins to accrue. We therefore use filing to date entry into the child support system and, for parents who previously shared a household, the timing of separation.

Earnings Observability. A defendant's formal-employment status determines whether the court can directly verify his labor earnings at the hearing. For defendants outside formal employment, the burden of proving income lies with the petitioner, who must establish it through witnesses or other evidence of economic capacity. When earnings cannot otherwise be established, judges commonly use one statutory minimum wage as a reference point.

This distinction is particularly relevant in Ecuador because informal employment is widespread and informal workers may have substantial earnings that are not directly observable to the court. Using nationally representative employment survey data linked to administrative social security records, Appendix A.1 shows that the earnings distributions

[6] According to the 2024 MIES tables, for one child aged three or older, increasing assessed income from one to three statutory minimum wages raises the minimum child support obligation from 0.295 to 1.109 statutory minimum wages. Although assessed income triples, the minimum obligation increases by a factor of approximately 3.76 because both the applicable child support rate and the income base increase.

of formal and informal workers overlap substantially. Among informal men aged 22–55, median monthly earnings are approximately 1 statutory minimum wage, the 75th percentile is 1.25 minimum wages, and the 90th percentile is 2 minimum wages. The appendix also uses the survey's panel structure to show that workers who move from formal to informal employment do not necessarily experience a corresponding decline in labor earnings.

Earnings observability also matters for enforcement. Child support payments are processed through the national maintenance-payment system (SUPA, by its Spanish acronym), which records each monthly obligation and whether it has been paid. SUPA does not allow partial payments of individual monthly obligations. Payments may be made directly by the defendant through authorized financial institutions. When income originates from an identifiable third party, such as an employer or pension administrator, judges can order the obligation to be withheld directly from that income source. This enforcement mechanism is only available for formal employment relationships, as informal earnings cannot be intercepted through employer withholding. Defendants who accumulate arrears may face additional enforcement measures, including restrictions on leaving the country, asset-based sanctions, and civil detention. Thus, the observability of formal earnings matters both when courts determine child support obligations and when those obligations are subsequently enforced.

III Data and Descriptive Evidence

Our analysis is based on a unique dataset that we build by retrieving individual records from the national maintenance-payment system (SUPA) and digitized family court records from the Judicial Case Inquiry System (SATJE, by its Spanish acronym). We then link this dataset to nationwide administrative labor market records, Civil Registry records, the 2015–2023 National Birth Registry, the 2022 Population Census, and the 2014–2024 waves of the National Employment Survey (ENEMDU, by its Spanish acronym). All datasets are linked using individuals' national identification numbers. Appendix B describes the construction of the dataset in detail.

1 Data Sources and Linkage

Child support and judicial records. SUPA is the centralized system administered by the Judicial Council that records maintenance obligations and the individuals involved in each case. Although the system administers different types of maintenance obligations, child support cases account for the overwhelming majority of records. The vast majority

of cases also have recorded payment transactions (%), allowing us to measure compliance as the fraction of months with an active obligation for which the corresponding payment was made. According to Ecuadorian family lawyers we consulted, parents who reach private child support agreements are generally advised to register them in SUPA to provide legal documentation in case of future disputes, even when payments are made privately and no transactions are recorded in the system. Because SUPA does not provide a downloadable database, we systematically query the platform to recover all publicly available case records nationwide. We then link the individual records of payers and recipients involved in the same case using judicial case identifiers. This procedure yields a nationwide registry containing 1,594,687 unique individuals who appear as either payers or recipients. Its nationwide coverage allows us to identify individuals with previous maintenance obligations regardless of where their cases were filed.

We complement these records with digitized family court records from SATJE for the province of Pichincha. For each individual identified through SUPA, we retrieve their complete family-law litigation history in the province. We then identify proceedings involving both members of each payer–recipient pair and link them to the corresponding SUPA records. This procedure allows us to reconstruct each pair's shared judicial history, rather than observing only the child support proceeding through which the pair entered SUPA.

We process the resulting court documents using regular expressions and privacy-protected large language models to extract structured information on hearings, judicial decisions, child support amounts, enforcement actions, and other case characteristics. These reconstructed histories allow us to identify the legal pathways through which families enter the child support system and distinguish their preceding family circumstances.

In addition, we use SATJE to identify all family court judges who resolve cases in Pichincha during our sample period and to retrieve the complete set of family-law proceedings handled by those judges. This allows us to identify couples involved in divorce or household-dissolution proceedings independently of whether they appear in SUPA.

Labor market and demographic records. The administrative labor market records provide monthly information on formal employment, earnings, and employment category through individuals' social security contributions. We define formal employment as employment for which earnings are reported in the administrative records of the IESS or SRI, the same sources that judges can consult when determining child support obligations. Our data therefore capture essentially the same labor-income information available to the court. These records allow us to reconstruct individuals' formal labor market trajectories before and after their first family-law proceeding.

Civil Registry records provide dates of birth, death and marriage, which we use to determine individuals' ages and exclude deceased individuals and their corresponding pairs, and identify married couples. The National Birth Registry records the dates of birth of all children born between 2015 and 2023, together with the national identification numbers of their mothers, allowing us to supplement fertility information for recent births.

The 2022 Population Census provides information unavailable in the administrative records. Population censuses in Ecuador are conducted approximately every ten years, and earlier censuses lack the national identification numbers needed to link individuals to administrative records. We therefore rely exclusively on the 2022 Census. Although it captures individuals at a single point in time, it contains characteristics such as mothers' age at first birth, which we use to construct matched control groups. It also provides information on labor-force status, allowing us to distinguish formal employment, informal employment, unemployment, and inactivity. However, the Census does not collect labor earnings, and valid national identification numbers are available for only 70% of records, limiting the share of our sample that can be linked to it.

Finally, we use the 2014–2024 waves of ENEMDU, linked to social security records, to measure earnings outside the formal sector, which we use to document the overlap between formal and informal earnings (Appendix A.1) and to estimate the model (Section VI).

2 Sample Construction

We begin by constructing our main sample of mother–father pairs identified through SUPA. For each pair with at least one family-law proceeding filed in Pichincha, we reconstruct the pair's complete shared family-law judicial history. We retain pairs whose first observed family-law proceeding occurred between 2010 and 2023.

Because child support proceedings can involve relatives other than the children's parents, pairs identified through SUPA do not necessarily correspond to parental couples. To increase the likelihood of identifying mothers and fathers, we restrict the sample to opposite-gender pairs in which both individuals were between 21 and 55 years old at the time of their first proceeding and their age difference was no more than 15 years. We waive the age-gap restriction when both individuals share the same marriage date. These restrictions yield 98,334 child support-related pairs.

We use the reconstructed judicial histories and Civil Registry records to classify these pairs according to the family context in which they enter the child support system.

Households (HH). We classify a pair as a *household* when there is evidence that the parents previously shared a household, either because their judicial history contains a divorce,

union-dissolution, or related proceeding or because Civil Registry records indicate a shared marriage date. We identify 41,087 such pairs.

We impose two additional restrictions. First, we require that neither parent have a previous maintenance case anywhere in the national SUPA registry, leaving 39,116 pairs. Second, we require both parents to be linked to the 2022 Population Census, which we use to construct matched control groups and distinguish formal from informal labor market adjustment. These restrictions yield a final HH analysis sample of 12,720 mother–father pairs.

Non-households (non-HH). We classify a pair as a *non-household* if their observed judicial history begins with a pregnancy-support, paternity, or DNA proceeding and there is no evidence that the parents previously shared a household. We identify 2,896 such pairs.

Unlike the HH sample, these cases are not identified through evidence of household dissolution, and the parents' prior relationships may be heterogeneous, ranging from non-cohabiting relationships to brief ones. We therefore focus on a common transition: the birth of a woman's first child. Specifically, we retain women for whom the child associated with the proceeding is their first birth, together with the men associated with these women. We do not impose an analogous first-child restriction on men.

These restrictions yield 1,451 non-HH pairs, which we use in a complementary analysis of child support entry without contemporaneous household dissolution. Given the smaller sample size, we do not require Census linkage.

Unclassified pairs. For 54,351 pairs, the only shared judicial proceeding is the child support case itself, and Civil Registry records provide no evidence of a shared marriage. These pairs may include parents who previously cohabited without marrying, parents who never shared a household, or parents whose prior relationships are not captured in the available records. Because we cannot reliably distinguish these situations, we exclude these pairs from the analysis rather than infer household structure from the absence of additional records.

No child support (no CS). To construct an alternative comparison group for the HH sample, we use the family-law proceedings retrieved from SATJE to identify couples involved in divorce or household-dissolution proceedings. We then use the nationwide SUPA registry to exclude couples in which either individual has any recorded maintenance case through 2025. We further examine the judicial records using large language models and regular expressions to confirm that these cases involve couples without children or whose children are

older than 18, or 21 if enrolled in higher education. The resulting sample consists of 1,595 couples and allows us to compare labor market adjustments following household dissolution between couples who enter the child support system and those who do not. Given the smaller sample size, we do not require Census linkage.

Tables B.1 and B.2 in Appendix B report the complete sample construction and characteristics across successive restrictions.

3 Summary Statistics

Table 1 reports demographic and pre-filing labor market characteristics for the HH, non-HH, and no CS samples. These statistics describe raw differences across groups, without adjusting for differences in observable characteristics. HH parents are older and more likely to be formally employed than non-HH parents. In the month preceding their first judicial proceeding, 60.2 percent of HH fathers and 50.9 percent of HH mothers are formally employed, compared with 52.7 and 46.7 percent, respectively, in the non-HH sample. Formal employment rates are lower in the no CS sample, at 49.6 percent for men and 40.9 percent for women. Among formally employed individuals, wage employment accounts for the vast majority of workers across all three samples.

Table 2 summarizes judicial proceedings and child support outcomes for HH and non-HH pairs. Among HH pairs, 64.2 percent first appear in a child support proceeding and 29.7 percent in a divorce, union-dissolution, or marital-property proceeding. A hearing or resolution is identified in approximately 80 percent of cases in both samples, occurring on average seven to eight months after filing. For the remaining cases, the absence of an identified hearing or resolution may reflect proceedings that did not reach this stage, cases still pending, or limitations in the coverage and processing of judicial records.

HH cases involve more children and higher child support obligations than non-HH cases. The average final obligation is 0.67 monthly minimum wages in the HH sample, compared with 0.40 in the non-HH sample. Payment compliance is also somewhat higher among HH pairs: on average, 66.9 percent of scheduled monthly payments are made, compared with 61.3 percent among non-HH pairs.

Table 1: Demographic and labor market characteristics by pair type

	HH	**Non-HH**	**No CS**
Age (mean)			
Fathers	36.24	30.03	42.53
	(7.68)	(6.45)	(7.94)
Mothers	34.08	28.32	42.53
	(7.32)	(5.37)	(8.15)
Formal employment (%)			
Fathers	60.17	52.72	49.59
Mothers	50.87	46.66	40.94
Employment category among formally employed (%)			
Fathers			
Wage-earner	92.71	96.60	85.34
Self-employed	3.76	1.57	6.19
Business owner	2.74	0.92	3.29
Mothers			
Wage-earner	91.06	94.39	84.07
Self-employed	3.93	1.92	6.58
Business owner	2.02	0.44	4.44
Monthly earnings among wage-earners (in min wage units)			
Fathers	2.46	1.97	2.30
	(1.78)	(1.34)	(1.82)
Mothers	2.19	1.74	2.19
	(1.59)	(1.14)	(1.71)
Never formal (%)			
Fathers	18.60	19.85	26.96
Mothers	27.28	22.40	33.35
Number of pairs			
N	12,720	1,451	1,595

Notes: Statistics are measured in the month prior to the filing of the first judicial event. Employment-category shares include individuals whose employment category is missing in the denominator and therefore need not sum to 100 percent. Monthly earnings are reported only for wage-earners because the administrative records report their labor earnings, whereas for self-employed workers and business owners they report only the contribution base used for social-security purposes. "Never formal" indicates that the individual is never observed in the social-security records before the filing of the first judicial event. Standard deviations are reported in parentheses for continuous variables.

Table 2: Judicial process and child support outcomes

	HH	Non-HH
Panel A. Entry into the judicial system		
Child support proceeding (%)	64.21	0.00
Divorce, union dissolution, or marital property (%)	29.71	0.00
Pregnancy support, paternity, or DNA (%)	1.01	100.00
Mediation (%)	1.30	0.00
Other (%)	3.77	0.00
Panel B. Judicial process		
Hearing observed (%)	81.81	78.57
Months from filing to hearing	7.60	6.63
	(13.90)	(7.56)
Panel C. Child support order		
Number of children	1.60	1.00
	(0.83)	-
Final order (% of 1 monthly min wage)	0.67	0.40
	(0.46)	(0.29)
Final order per child (% of 1 monthly min wage)	0.57	0.40
	(0.63)	(0.31)
Panel D. Compliance		
Scheduled monthly payments made (%)	66.88	61.34
	(41.93)	(43.86)
No payment ever recorded (%)	17.67	20.85

Notes: The table reports judicial characteristics and child support outcomes for HH and Non-HH. Panel A classifies the first observed judicial proceeding in the pair's judicial history. Panel B summarizes the judicial process. Panel C reports characteristics of the child support order, expressed in statutory monthly minimum wage units (SBU). Panel D reports compliance outcomes. Payment compliance is defined as the number of scheduled monthly payments made divided by the number of months with an active child support obligation, measured from the hearing through December 2024. "No payment ever recorded" indicates that no child support payment was registered over the same period. Standard deviations are reported in parentheses for continuous variables. Not all variables are observed for every pair in each sample. Statistics for each variable are calculated using the subset of pairs for which the corresponding information is available, so the number of observations varies across rows.

4 Formality and Child Support Outcomes

The institutional framework described in Section II suggests that formal employment may affect child support outcomes through two channels: the determination of obligations and their enforcement. However, whether these mechanisms are economically meaningful in practice remains an empirical question. Before examining parents' labor market responses to separation and entry into child support, we therefore document how these outcomes differ by fathers' formal-employment status. Using court and payment records, we examine whether fathers who remain formally employed at the hearing face larger child support obligations and make a greater share of their scheduled monthly payments.

To compare fathers with similar observed earnings before the judicial process, we focus on fathers formally employed as wage earners three months before filing. We estimate

$$Y_i = \alpha + \beta \mathit{FormalAtHearing}_i + X_i'\gamma + \lambda_y + \varepsilon_i \tag{1}$$

where $\mathit{FormalAtHearing}_i$ is an indicator for formal employment in the month of the hearing. The controls X_i include pre-filing formal-earnings-decile fixed effects and indicators for the number of children covered by the order; λ_y denotes hearing-year fixed effects. In the broader sample, we also control for whether the father belongs to the HH sample.

Table 3 reports results for two outcomes: the monthly child support obligation amount per child, expressed in statutory minimum wage units, and payment compliance, measured as the fraction of scheduled monthly payments made while the obligation is in effect. We measure compliance from the hearing through a common cutoff date of December 2024. For each outcome, we report estimates for all fathers with available data (HH, non-HH, and unclassified fathers) and for fathers in the HH sample.

Columns (1) and (2) show that fathers who remain formally employed at the hearing have larger obligations, conditional on their pre-filing earnings. The difference is 0.070 monthly minimum wages per child in the broader sample and 0.132 in the HH sample, or approximately 16 and 23 percent of the respective sample means. Columns (3) and (4) show that formal employment at the hearing is also positively associated with subsequent payment compliance. Conditional on the same pre-filing characteristics, formally employed fathers make 18.4 percentage points more of their scheduled monthly payments in the broader sample and 17.2 percentage points more in the HH sample.

These associations do not identify causal effects of formal employment. Fathers who remain formally employed at the hearing may differ from those who leave formal employment in unobserved earnings opportunities or other characteristics that also affect their obligations and payment behavior. Nevertheless, these patterns document economically meaningful differences in both child support obligations and payment compliance by formal-employment status, consistent with the institutional mechanisms described in Section II.

Table 3: Formal Employment at the Hearing, Child Support Obligations, and Payment Compliance

	Amount per child		Payment compliance	
	All fathers (1)	HH fathers (2)	All fathers (3)	HH fathers (4)
Formal at hearing	0.070***	0.132***	0.184***	0.172***
	(0.005)	(0.023)	(0.007)	(0.020)
Pre-filing earnings-decile FE	Yes	Yes	Yes	Yes
Number of children FE	Yes	Yes	Yes	Yes
Hearing-year FE	Yes	Yes	Yes	Yes
HH-origin indicator	Yes	—	Yes	—
Mean dependent variable	0.442	0.579	0.696	0.766
Observations	31,679	4,693	31,015	4,555

Notes: Each column reports the coefficient on an indicator for formal employment in the month of the hearing. All specifications restrict the sample to fathers who were formally employed as wage earners three months before filing and have complete data for the corresponding regression. "All fathers" includes all fathers meeting these requirements, regardless of the paper's analysis samples. "HH fathers" further restricts to the sample of 12,720 fathers. The regression samples are smaller because of the pre-filing formal-employment restriction and missing outcome or covariate data. The dependent variable in columns (1) and (2) is the final monthly child support obligation amount per child, expressed in monthly minimum wages. In columns (3) and (4), payment compliance is defined as the number of scheduled monthly payments made divided by the number of months with an active obligation, measured from the hearing through December 2024. These columns additionally require observed payment records. All specifications include fixed effects for pre-filing formal-earnings deciles, the number of children covered by the order, and hearing year. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

IV Formal Labor Market Responses

We examine mothers' and fathers' short-run formal labor market responses around family separation. Ideally, we would exploit exogenous variation in family separation and compare otherwise identical families that do and do not separate. Separation, however, is not randomly assigned. Changes in employment or earnings may contribute to relationship deterioration and eventual separation, while other unobserved shocks may affect both separation decisions and labor market outcomes. Our approach addresses differences in observed pre-event labor market trajectories by comparing parents who separate and enter the child support system with matched parents who remain in stable households. It does not, however, eliminate selection into separation arising from unobserved factors.

1 Empirical Strategy

We begin with our primary HH sample. For treated parents, we define the event as the filing of their first family-law proceeding: either a child support case or a divorce or union-dissolution case, in which child support is determined (Section II). Filing provides a common, precisely dated reference point for the family transition and marks the point at which child support obligations begin to accrue.

We construct the control group separately for mothers and fathers, drawing from married or cohabiting parents in stable households who never enter the child support system. For each treated parent, we identify potential controls of the same age and, for mothers, the same age at first birth. We then compare their formal labor market trajectories during the twelve months preceding the treated parent's filing date. Individuals with no formal earnings during this period are matched only to others with no formal earnings. Among those with positive formal earnings, we match on the shape of their monthly earnings trajectories, measured by the sum of squared differences in demeaned log earnings. Thus, the procedure matches pre-event earnings trajectories rather than earnings levels. Matching is one-to-one and without replacement, with the order of treated individuals randomized. Matched controls are assigned the filing month of their treated counterparts as their reference event. Appendix C.1 provides further details and reports balance and robustness to alternative matching strategies, including joint matching at the household level.

Our identifying assumption is that, absent family separation and entry into child support, treated parents and their matched controls would have experienced similar changes in formal labor market outcomes. Matching on pre-event trajectories improves comparability in observed labor market dynamics but does not eliminate the possibility of differential unobserved shocks. Moreover, labor market adjustments may begin as relationships deteriorate

or separation approaches (Dasgupta et al., 2025), so filing may occur after some separation-related responses have already taken place. A causal interpretation of our estimates therefore depends on the validity of the conditional parallel trends assumption and on the timing of separation-related adjustments. Regardless of whether these assumptions hold, our analysis documents how mothers' and fathers' formal labor market trajectories evolve around separation and entry into child support in a high-informality setting, where such evidence remains scarce.

We examine adjustments along both the extensive and intensive margins of formal employment. We consider three labor market outcomes. First, formal employment is an indicator equal to one if an individual has positive earnings reported to the social-security system in a given month. Second, we examine log monthly formal earnings among wage earners who remain formally employed throughout the event window. Because administrative records do not report hours worked, changes in this outcome may reflect changes in either hours or wages. Third, we examine total formal earnings, assigning zero earnings to months without formal employment. For both earnings outcomes, we exclude monthly observations with earnings below the 1st or above the 99th percentile of the national earnings distribution. These observations are retained when estimating formal employment.

To estimate the dynamics of these adjustments, we use a stacked difference-in-differences specification. Each stack consists of treated parents whose first filing occurs in the same calendar month and their matched controls. Controls are assigned the filing month of their treated counterparts, so treated and control individuals within a stack share the same event-time calendar. We estimate

$$Y_{ist} = \alpha_i + \gamma_{s,k_{st}} + \sum_{\substack{k=-12 \\ k\neq -1}}^{12} \beta_k \left(T_i \times \mathbf{1}\{k_{st} = k\}\right) + \theta_{a_{it}} + \varepsilon_{ist} \tag{2}$$

where Y_{ist} denotes the labor market outcome of individual i in stack s and calendar month t, T_i is an indicator equal to one for treated individuals, and k_{st} denotes event time in months. The omitted period is $k = -1$. The specification includes individual fixed effects (α_i), age fixed effects ($\theta_{a_{it}}$) and stack-by-event-time fixed effects ($\gamma_{s,k_{st}}$). The latter allow each filing cohort to have its own unrestricted time profile, common to treated and control individuals, thereby absorbing calendar-time shocks within each stack. Standard errors are clustered at the individual level.

The coefficients β_k trace changes in the treated–control outcome gap relative to the month immediately preceding the event.

2 Adjustment Following Family Separation

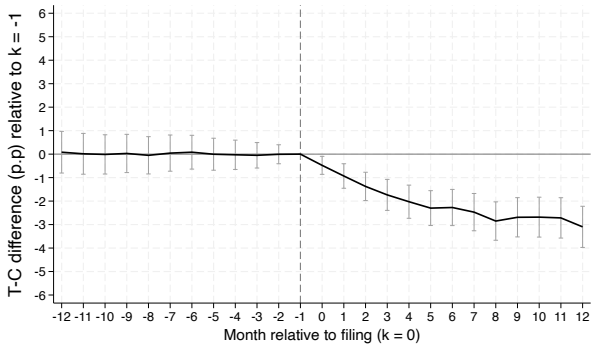
Figure 1 presents the estimated formal labor market responses of HH parents relative to matched parents in stable households. Consistent with our matching procedure, treated and control parents exhibit similar pre-event changes in formal employment, even when employment declines before filing. Net of calendar-month, year, and age effects, formal employment declines by 1.0 percentage points between $k = -12$ and $k = -1$ among treated fathers and by 0.95 percentage points among their matched controls; among mothers, the corresponding declines are smaller, 0.44 and 0.39 percentage points, respectively. Because these pre-event trajectories are used to construct the matched sample, their similarity is not an independent test of the identifying assumption.

Mothers and fathers adjust their formal employment in opposite directions following separation. Fathers become progressively less likely to be formally employed relative to matched fathers in stable households, with a differential decline of 3.1 percentage points twelve months after filing, equivalent to approximately 5 percent of their formal employment rate of 60.2 percent in the month before filing. Conditional formal earnings also decline, but by a smaller magnitude, reaching 2.0 percent at month 12. Combining both margins, total formal earnings decline by 5.6 percent.

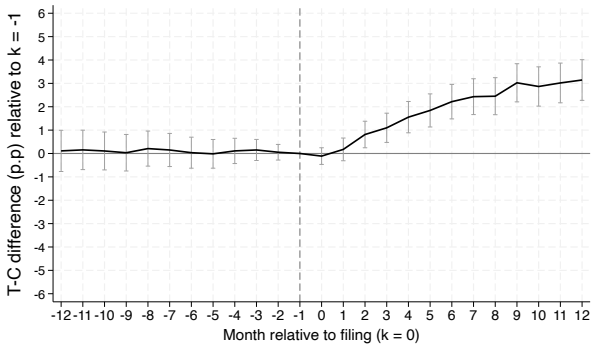
Mothers exhibit the opposite pattern. Their formal employment increases relative to matched mothers, with a differential increase of 3.1 percentage points at month 12, equivalent to approximately 6 percent of their formal employment rate of 50.9 percent in the month before filing. In contrast, conditional formal earnings show no statistically significant differential response. Total formal earnings increase by 5.2 percent at month 12, primarily reflecting greater participation in formal employment.

These results show that family separation is associated with opposite formal labor market responses for mothers and fathers, driven primarily by changes in formal employment rather than conditional earnings. Because the HH transition combines household dissolution with entry into the child support system, these estimates do not reveal the relative roles of these two components in shaping parents' labor market responses. We next use two complementary comparisons to shed light on the roles of household dissolution and child support in these adjustments.

Formal employment

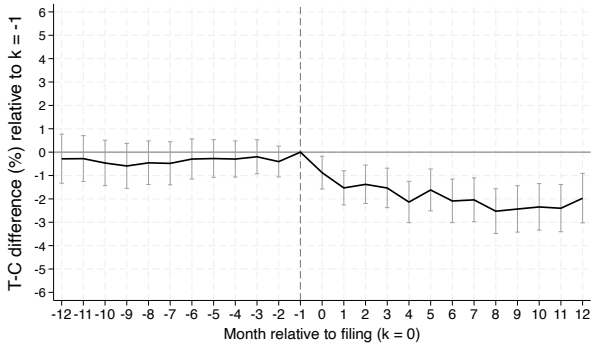


(a) Fathers

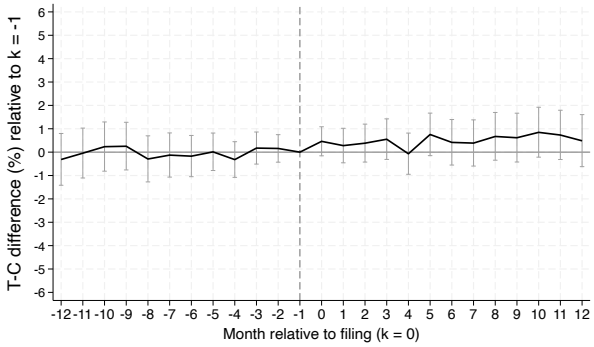


(b) Mothers

Formal earnings, conditional on employment

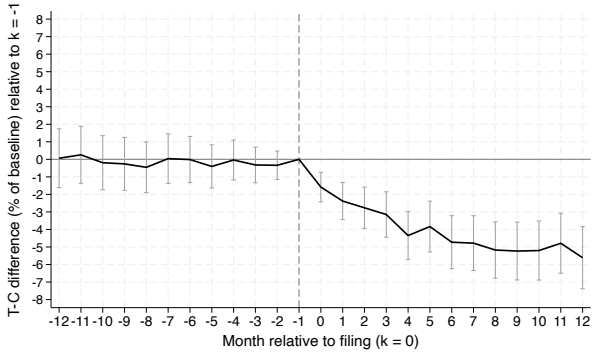


(c) Fathers

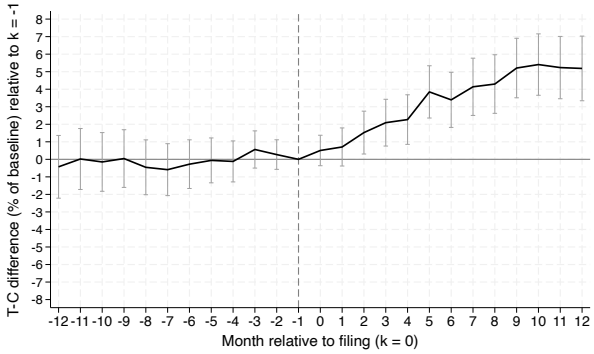


(d) Mothers

Total formal earnings (including zeros for non-participants)



(e) Fathers



(f) Mothers

Figure 1: **Event-study estimates relative to matched stable households.** The top row reports estimates for formal employment. The middle row reports estimates for formal labor earnings conditional on formal employment. The bottom row reports estimates for total formal labor earnings, assigning zero earnings to non-participants. Fathers are shown in the left column and mothers in the right column. Coefficients are reported in Table C.3.

3 Unpacking Household Dissolution and Child Support

An ideal experiment would vary exposure to child support among otherwise comparable parents experiencing household dissolution. In the absence of such variation, we first compare parents who experience household dissolution and enter the child support system (HH) with individuals who also experience household dissolution but do not have dependent children and therefore do not enter the system (no CS). Second, we examine parents who enter the child support system without evidence of contemporaneous household dissolution (non-HH), comparing them with parents who experience a first birth within a stable household.

3.1 Holding household dissolution fixed

We first compare HH parents with individuals who also experience household dissolution but do not have dependent children (no CS). Both groups separate or divorce, but only HH parents enter the child support system. Unlike in our primary analysis, we do not match individuals on their pre-event labor market trajectories. Given the substantially smaller no CS group (1,595 individuals compared with 12,720 HH parents) and the large differences in age distributions, matching would leave very few comparable individuals. We therefore retain the full samples and account for age differences through fixed effects. We align individuals by the filing month of their own first family-law proceeding and estimate

$$Y_{it} = \alpha_i + \lambda_{k_{it}} + \mu_{m(t)} + \delta_{y(t)} + \sum_{k=-12,,k\neq-1}^{12} \beta_k \left(T_i \times \mathbf{1}k_{it} = k\right) + \theta_{a_{it}} + \varepsilon_{it} \tag{3}$$

Here, α_i denotes individual fixed effects, $\lambda_{k_{it}}$ event-time fixed effects, $\mu_{m(t)}$ calendar-month fixed effects, $\delta_{y(t)}$ year fixed effects, and $\theta_{a_{it}}$ age fixed effects. Standard errors are clustered at the individual level.

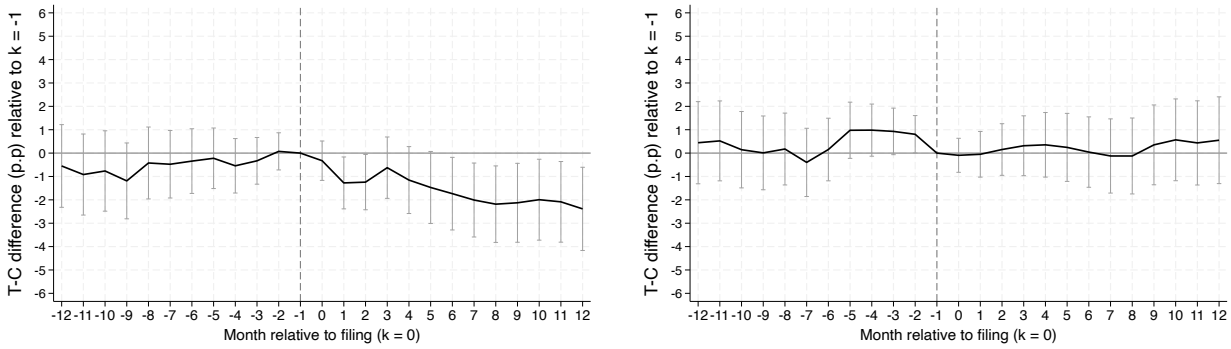
Interpreting differential post-filing changes as effects of child support would require that, absent child support, both groups would have experienced similar changes in formal employment. We acknowledge that this assumption may not hold because the presence of dependent children may independently shape labor supply responses to household dissolution.

Figure 2 presents the results for formal employment. Given the substantially smaller sample, estimates are less precise than in our primary analysis. Nevertheless, for fathers, the treated–control difference is relatively stable before filing but becomes increasingly negative afterward, reaching 2.4 p.p. by month 12. This decline is approximately three-quarters of the 3.1 percentage-point decline estimated relative to stable households in our primary analysis. For mothers, we find little evidence of a differential post-filing response. However, the estimates are less precise, and differences in formal employment emerge shortly before

filing, making this comparison less informative for mothers.

The decline in fathers' formal employment relative to men who also experience household dissolution suggests that household dissolution alone may not fully account for the response observed in our primary analysis.

Formal employment



(a) Fathers (b) Mothers

Figure 2: **Event-study estimates relative to individuals who experience household dissolution without dependent children.** The complete figure with the three outcomes is depicted in C.3. Coefficients are reported in Table C.5.

3.2 An alternative pathway into child support

Our second comparison examines entry into the child support system without evidence of contemporaneous household dissolution. The treated group consists of parents whose first judicial proceeding is a support-for-pregnant-women or paternity case filed within nine months before or after the woman's first birth, and for whom we find no evidence that the pair previously shared a household (non-HH). We require the child associated with the proceeding to be the woman's first child, though not necessarily the father's first child. The control group consists of parents whose first child is born within a stable married or cohabiting household and who are never observed in the child support system.

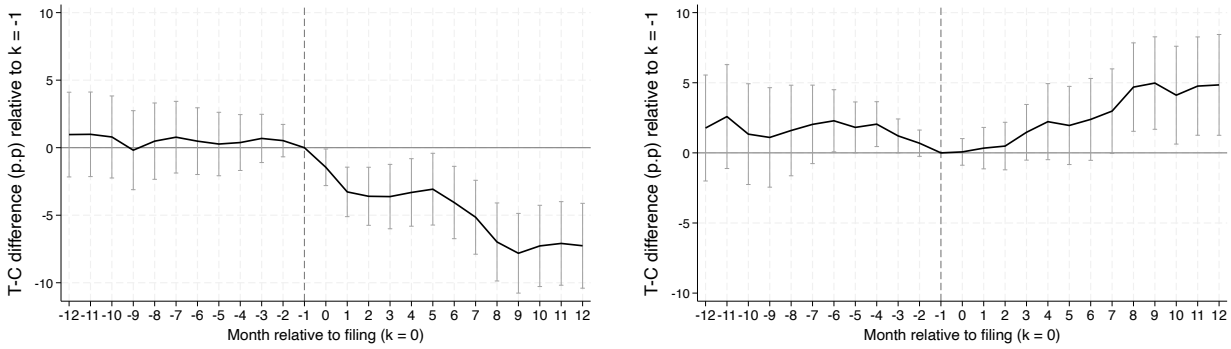
We use the month of the woman's first birth as the event date because judicial proceedings can begin at different points around birth. As in our primary analysis, we match treated mothers and fathers separately to controls with similar pre-event formal labor market trajectories, additionally requiring that the birth occurs in the same calendar year. We therefore go back and estimate the stacked difference-in-differences specification in Equation 2, using the month of the first birth as the reference event.

Interpreting differential post-birth changes as effects of child support would require that, absent child support, both groups would have experienced parallel changes in formal employment around childbirth. We acknowledge that this assumption may not hold because

parents who do not share a household may adjust their labor supply differently following childbirth than parents living together, even in the absence of child support obligations.

Figure 3 presents the results for formal employment. We find a substantial decline in fathers' formal employment relative to matched fathers in stable households. The treated–control gap is relatively stable before birth and widens afterward, reaching 7.26 p.p. by month 12. Mothers exhibit the opposite response: their formal employment increases relative to matched mothers, reaching 4.85 p.p. by month 12, although some differences are already present before birth. These patterns resemble those in our primary analysis but arise around a first birth among parents for whom we find no evidence of a previously shared household.

Formal employment



(a) Fathers (b) Mothers

Figure 3: **Event-study estimates relative to matched stable first-time parents.** The complete figure with the three outcomes is depicted in C.4. Coefficients are reported in Table C.6.

Together, these comparisons reveal distinct patterns in mothers' and fathers' formal employment adjustments. For fathers, formal employment declines not only relative to men in stable households, but also relative to men who experience household dissolution without child support. Fathers' formal employment also declines when entry into child support occurs without evidence of contemporaneous household dissolution. Although the first comparison differs in the presence of dependent children and the second in household arrangements, the decline in fathers' formal employment emerges across both settings, with entry into child support as a common feature. This pattern suggests that household dissolution alone does not fully account for fathers' response. For mothers, formal employment increases relative to women in stable households both following separation and when entry into child support occurs around a first birth without evidence of a previously shared household. However, we find no clear differential response relative to women who also experience household dissolution without child support. These findings suggest that fathers' declining formal employment may partly reflect incentives associated with child support, whereas mothers' increasing formal

employment is more consistent with adjustments to changes in household arrangements and the need for their own earnings.

V Labor market Reallocation

The administrative records do not allow us to determine whether changes in formal employment correspond to changes in overall employment or to movements between formal and informal work. We use the 2022 Population Census to distinguish among these margins.

Because the Census provides a single observation that may occur several years after the reference event, we first examine whether the formal-employment responses documented in Section IV persist at longer horizons. Appendix Section C.2.1 extends our primary event-study analysis to horizons of up to ten years after filing. Fathers' formal-employment gap reaches approximately 6 p.p., while mothers' positive formal-employment gap reaches approximately 5 p.p. These results establish that the opposite formal-employment responses remain present well beyond the first year after filing.

The Census identifies whether an individual is employed, unemployed, or outside the labor force. We combine this information with the administrative social-security records to classify individuals into four mutually exclusive and exhaustive labor market states: inactive, unemployed, formally employed, and informally employed. Individuals classified as inactive or unemployed in the Census are assigned directly to those states. Among employed individuals, we classify those with a social-security contribution recorded in the administrative data during the fourth quarter of 2022 as formally employed and those without a recorded contribution as informally employed. Because the Census was conducted between November 7 and December 23, 2022, we adopt this conservative approach and classify individuals as formally employed when they have evidence of formal employment in October, November, or December. This definition preserves the administrative measure of formal employment used throughout our main analysis while allowing us to distinguish informal employment from non-employment.

Our analysis focuses on the primary HH comparison from Section IV, using the same treated parents and their matched parents from stable households. Because the Census provides only a single post-event observation, the empirical specification differs from the panel event-study analysis. In the event study, individual fixed effects absorb time-invariant differences between treated and control individuals. In the Census cross-section, we instead condition directly on pre-event labor market characteristics that may predict subsequent labor market status.[7]

[7]The corresponding analyses for the two complementary comparisons from Section IV are reported in

We estimate

$$Y_i = \alpha + \beta T_i + X_i'\gamma + \varepsilon_i, \tag{4}$$

where Y_i is an indicator for being formally employed, informally employed, inactive or unemployed, at the Census date; T_i indicates whether the individual belongs to the treated HH group; and X_i includes age, the number of months elapsed between filing and the Census interview, the total number of months in formal employment prior to the event, as well as mean formal earnings, modal employer type, and modal employment sector during the 12 months preceding the event. We estimate Equation (4) separately for mothers and fathers and for each of the four labor market states.

Table 4: labor market Adjustment After Entry into the child support System

	Formal (1)	Informal (2)	Unemployed (3)	Inactive (4)
Panel A. Fathers				
Treated	−0.062***	0.033***	0.017***	0.011***
	(0.005)	(0.005)	(0.003)	(0.002)
Obs.	23,890	23,890	23,890	23,890
Panel B. Mothers				
Treated	0.039***	0.056***	0.004	−0.098***
	(0.005)	(0.006)	(0.004)	(0.005)
Obs.	22,822	22,822	22,822	22,822

Notes: The table reports the coefficient on the treatment indicator from Equation (4) for the matched HH sample, separately for fathers and mothers. Individuals are classified as inactive, unemployed, or employed using the 2022 Population Census. Among employed individuals, columns (1) and (2) classify formal and informal employment using the presence of administrative social-security contribution records during the fourth quarter of 2022. All specifications control for age, the elapsed time between separation and the Census interview, the number of months of formal employment prior to the event, and the mean wage, modal employer type, and modal employment sector over the 12 months preceding the event. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 4 reports the results. Fathers who experience family separation and enter the child support system are 6.2 p.p. less likely to be formally employed at the Census date than their matched control fathers from stable households, while the corresponding difference for mothers is 3.9 p.p. Both estimates are consistent with the longer-run formal employment

Appendix Tables C.9 and C.10 for the household-dissolution control and Appendix Tables C.11 and C.12 for the alternative pathway into child support.

differences documented in Appendix Figure C.2.

For fathers, the 6.2 percentage-point lower probability of formal employment is accompanied by a 3.3 percentage-point higher probability of informal employment, compared with increases of 1.7 p.p. in unemployment and 1.1 p.p. in inactivity. Thus, more than half of the formal-employment gap is mirrored by greater informal employment rather than non-employment.

Mothers exhibit a markedly different pattern. Their higher probability of formal employment is accompanied by a 5.6 percentage-point higher probability of informal employment and a 9.8 percentage-point lower probability of inactivity, with no statistically significant difference in unemployment. Mothers' increased formal employment is therefore part of a broader increase in labor market attachment.

Adjustment by Pre-Event Formal Employment. We next examine whether these patterns differ by parents' pre-event formal-employment status. This distinction helps us understand whether changes in formal employment reflect differences in the likelihood of remaining formally employed among those initially in the formal sector or differences in the likelihood of entering formal employment among those initially outside it. We distinguish individuals according to whether they were formally employed three months before the reference event and estimate

$$Y_i = \alpha + \beta T_i + \gamma Formal_i^{pre} + \delta \left(T_i \times Formal_i^{pre}\right) + X_i'\theta + \varepsilon_i, \tag{5}$$

where $Formal_i^{pre}$ indicates that individual i was formally employed three months before the event. The coefficient β captures the treated–control difference among individuals who were not formally employed before the event, while $\beta + \delta$ gives the corresponding difference among individuals who were formally employed. The coefficient δ captures the difference between these two estimates.

Table 5 shows that fathers' labor market adjustment differs substantially by pre-event formal-employment status. Among fathers who were formally employed three months before separation, treated fathers are 7.2 p.p. less likely to be formally employed at the Census date and 5.0 p.p. more likely to be informally employed than comparable fathers in stable households. Thus, approximately 69 percent of the formal-employment gap is mirrored by greater informal employment. Among fathers who were not formally employed before separation, the formal-employment gap is smaller (4.1 p.p.) and is accompanied by higher unemployment and inactivity, with no significant difference in informal employment. The

difference in informal employment between the two groups is statistically significant, indicating that the greater prevalence of informal employment is concentrated among fathers who were previously formally employed.

For mothers, the largest differences occur among those who were not formally employed before separation. Relative to comparable mothers in stable households, these mothers are 16.1 p.p. less likely to be inactive, 7.8 p.p. more likely to be formally employed, and 7.9 p.p. more likely to be informally employed. Among previously formal mothers, the differences are considerably smaller: inactivity is 4.0 p.p. lower and informal employment is 3.0 p.p. higher, while the difference in formal employment is not statistically significant. The differences between the two groups are statistically significant for inactivity and employment in both sectors.[8]

[8] Appendix Tables C.7 and C.8 replicate the analysis using self-reported social-security contributions in the Census, rather than administrative contribution records, to distinguish formal from informal employment. The alternative classification preserves the main pattern for mothers. For fathers, the average decomposition between formal and informal employment is more sensitive to the measure of formality, but among fathers who were formally employed before the event, treated fathers remain less likely to be formally employed and more likely to be informally employed than comparable fathers in stable households.

Table 5: Labor market Adjustment by Pre-Event Formal-Employment Status

	Formal (1)	Informal (2)	Unemployed (3)	Inactive (4)
Panel A. Fathers				
Treated: Pre-event non-formal	−0.041***	0.004	0.018***	0.019***
	(0.008)	(0.010)	(0.005)	(0.005)
Treated: Pre-event formal	−0.072***	0.050***	0.016***	0.006***
	(0.007)	(0.006)	(0.003)	(0.002)
Difference	−0.032***	0.046***	−0.002	−0.013**
	(0.011)	(0.011)	(0.005)	(0.005)
Obs.	23,890	23,890	23,890	23,890
Panel B. Mothers				
Treated: Pre-event non-formal	0.078***	0.079***	0.004	−0.161***
	(0.007)	(0.009)	(0.006)	(0.008)
Treated: Pre-event formal	0.007	0.030***	0.003	−0.040***
	(0.008)	(0.006)	(0.004)	(0.005)
Difference	−0.071***	−0.049***	−0.001	0.121***
	(0.011)	(0.011)	(0.007)	(0.010)
Obs.	22,822	22,822	22,822	22,822

Notes: The table reports estimates of Equation (5) for the HH sample and their matched controls, separately for fathers and mothers. "Pre-event formal" indicates that the individual was formally employed three months before separation. The first row of each panel reports the treated–control difference among individuals who were not formally employed three months before the event (β), while the second row reports the corresponding difference among individuals who were formally employed ($\beta + \delta$). The third row reports the difference between these two estimates (δ). All specifications control for age, the elapsed time between separation and the Census interview, the number of months of formal employment prior to the event, and the mean wage, modal employer type, and modal employment sector over the 12 months preceding the event. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

These results reveal distinct margins of labor market adjustment. For fathers who were formally employed before separation, the decline in formal employment is largely mirrored by greater informal employment rather than withdrawal from the labor market. For mothers, particularly those who were not formally employed before separation, the increase in employment in both sectors and the decline in inactivity point to greater overall labor market attachment.

The complementary comparisons in Section IV suggest that household dissolution alone does not fully account for fathers' decline in formal employment. Fathers' reallocation toward informal work is consistent with the child support incentives described in Section II: formal employment makes earnings observable to courts when obligations are determined and facilitates payment enforcement. Although we cannot rule out changes in labor market preferences specifically associated with becoming a non-resident parent, such as a greater value of flexible work, the evidence motivates a closer examination of these child support

incentives, which we undertake in the next section.

VI A Model of HH Employment and Separation

The reduced-form evidence suggests that child support incentives contribute to fathers' reallocation toward informal employment, but it does not establish the relative importance of the two channels through which formal employment matters—the determination of child support obligation amounts and their enforcement—or reveal how parents' employment decisions and child support payments would respond to alternative policy rules. Addressing these questions requires accounting for objects we do not observe directly, including earnings opportunities in the sector parents do not choose, preferences for informal employment, and the value fathers place on payments to their children's household. To inform child support policy design, we therefore develop and estimate a two-period model of household employment, fertility, and separation that incorporates both channels. The estimated model allows us to quantify how fathers' employment choices and child support payments would change if obligations were determined independently of employment sector, enforcement differences were eliminated, or both differences were eliminated, and to examine how these effects change when couples' earlier decisions also respond.

This section presents the elements needed to understand how child support affects fathers' sector choices after separation. Appendix D presents the complete model, its solution, the details of the estimation, and additional results.

1 The Theoretical Model

Environment. The economy consists of couples who share a household at the beginning of the first period, and a couple consists of a woman indexed by f and a man indexed by m. [9] Each partner belongs to one of three education types that shift earnings opportunities. In period 1, couples jointly choose their employment sectors and whether to have children, $q \in \{0, 1\}$, where $q = 1$ means the couple has children. The man works in the formal or informal sector, $s_m \in \{F, I\}$, and the woman can also be out of the labor force, $s_f \in \{F, I, N\}$. Together, the couple pools their earnings, pays a cost for children's consumption proportional to the mean earnings of their type, and shares the remaining resources according to a fixed weight.

A spouse of gender $j = \{f, m\}$ has potential formal earnings w_{jt}^F in period t, drawn from a

[9] We think of sharing a household as representing our HH sample in the reduced form evidence, so they may be married or cohabiting.

log-normal distribution whose mean depends on type, and informal earnings $\mu_j w_{jt}^F$. The multiplier μ_j is person-specific and can exceed one, consistent with the overlap between formal and informal earnings documented in Appendix A.1. Everyone employed works full time. Preferences are logarithmic in effective consumption, which combines monetary consumption with non-pecuniary tastes for informal work and, while together, female specialization. While together, spouses also receive an additive utility value from raising children.

In period 2, a shock to the quality of the relationship is realized, and the couple separates if both partners prefer separation to staying together. Couples who remain together keep the sector they chose in period 1. Couples with children who separate enter the child support system: the mother is the resident parent, bears the cost of the children, and receives the payment. Couples decide whether to separate before the father's idiosyncratic payment state, described below, is revealed, so the separation decision depends on the expected value of separating; once separated, the payment state is revealed, and each parent chooses a sector. Both parents work after separation, $s \in \{F, I\}$. Informal employment is absorbing: anyone who worked informally while together remains informal, whether or not the couple separates. For fathers, this restriction concentrates the post-separation sector choice on those who were formally employed while together, the group whose reallocation toward informal employment we document in Section V. There is no saving, borrowing, or re-partnering. Appendix D.1.1 specifies these elements formally.

The father's problem. After separation, an idiosyncratic *payment state* ψ is revealed, with $\psi \in [0, 1]$. A father who was formally employed while together then chooses his sector $s \in \{F, I\}$. He earns $w_m^D(F) = w_{m2}^F$ in formal employment and $w_m^D(I) = \mu_m w_{m2}^F$ in informal employment, faces a monthly child support obligation P_s, and effectively pays $T_s = \pi_{s,\psi} P_s$, where $\pi_{s,\psi}$ is the fraction of scheduled monthly payments made conditional on state ψ and sector s. Since period 2 represents the entire post-separation stage, T_s is the average monthly transfer over this stage. His utility is $\ln x_m(s)$, with

$$x_m(s) = w_m^D(s) - (1 - \varsigma)\, T_s + \eta_m \mathbb{1}\{s = I\} \tag{6}$$

The father values a share ς of the payment that reaches his children's household, so a payment costs him a fraction $1 - \varsigma$ of its amount, while the mother receives the full payment T_s. With $\varsigma = 0$, the father treats each unit he pays as a unit lost. With $\varsigma > 0$, part of the payment has value to him because it benefits his children's household, so differences in what he would pay across sectors weigh less in his choice. The parameter therefore governs how strongly fathers respond to the incentives created by child support, and it is central to the magnitudes of the

responses below.

Determination. The obligation P_s is a share of the income on which it is determined, $S(w) = \alpha(w)\, w$, where $\alpha(\cdot)$ is the step function of the statutory schedule (Appendix Table D.5). The court observes formal earnings, but not informal earnings, which it must infer. The obligations of a father in each sector are

$$P_F = S\big(w_{m2}^F\big) \qquad P_I = S\big((1-\omega)\,\underline{w} + \omega\, w_{m2}^F\big) \tag{7}$$

where $\underline{w}$ is the minimum wage. The parameter ω is the share of the father's formal earnings capacity that the court recovers when he works informally: with $\omega = 0$, his obligation is set as if he earned one minimum wage; with $\omega = 1$, it does not depend on his sector, because it is always observable by the court.

After separation, the mother chooses her sector on her own, taking the payment as given.

Enforcement. After separation and before choosing his employment sector, each father observes an idiosyncratic payment state $\psi \sim U[0,1]$, independent of his earnings and tastes. The same realization applies to both potential sectors. Payment compliance depends on ψ and on the sector he chooses:

$$\pi_{s,\psi} = \begin{cases} 0, & \psi < a_s, \\ p_s, & a_s \le \psi < b_s, \\ 1, & \psi \ge b_s, \end{cases} \qquad s \in \{F, I\} \tag{8}$$

where a_s is the value of ψ below which the father makes no scheduled monthly payments, b_s the value from which he makes all scheduled monthly payments, and p_s the fraction of scheduled monthly payments made in between. We estimate these parameters, subject to the restriction that, for a given ψ, compliance is weakly higher in formal employment ($a_F \le a_I$, $b_F \le b_I$, $p_F \ge p_I$), reflecting that only formal earnings can be withheld at the source. Whenever the two rules coincide, compliance does not depend on his sector.

The child support wedge. Thus, the effective amount the father pays T_s depends on both the determination of the obligation and its enforcement, given the sector the father chooses. So, a father chooses informal employment when

$$\underbrace{\mu_m w_{m2}^F + \eta_m - w_{m2}^F}_{\text{earnings and taste}} + (1-\varsigma)\Big[\underbrace{\pi_{F,\psi}(P_F - P_I)}_{\text{determination}} + \underbrace{(\pi_{F,\psi} - \pi_{I,\psi})P_I}_{\text{enforcement}}\Big] > 0 \tag{9}$$

The condition for choosing informal employment has three components. The first captures the earnings differential between sectors, including non-pecuniary tastes, and is present regardless of whether the man has children. The other two components constitute the child support wedge, which captures the difference in effective payments across sectors, scaled by $1-\varsigma$. The determination component reflects differences in child support obligation amounts across sectors and disappears when $\omega = 1$. The enforcement component reflects differences in payment compliance across sectors and disappears when compliance is the same in formal and informal employment.

The household's problem. Let r denote a child support system, $a = (s_{f1}, s_{m1}, q)$ a period-1 *bundle* of sectors and fertility, and ξ the household's state, which collects the partners' types, earnings, multipliers, and tastes. We write $u_{j1}^M(a)$ and $\bar{u}_{j2}^M(a)$ for partner j's flow utilities while together in periods 1 and 2, before the match-quality shock $\theta \sim N(0, \sigma_\theta^2)$, which enters period-2 utility additively, and $v_j^{D,r}(a, \psi)$ for j's utility after separation in payment state ψ, given both parents' optimal sector choices. Because ψ is revealed only after separation, each partner evaluates separation by its expected value over ψ:

$$\bar{v}_j^{D,r}(a) = \int_0^1 v_j^{D,r}(a, \psi)\, d\psi \tag{10}$$

Separation requires mutual consent. Partner j prefers to separate when $\theta \leq \bar{v}_j^{D,r}(a) - \bar{u}_{j2}^M(a)$, so the couple separates when

$$\theta \leq \tau^r(a) \equiv \min_{j \in \{f,m\}} \left\{ \bar{v}_j^{D,r}(a) - \bar{u}_{j2}^M(a) \right\} \tag{11}$$

which defines the separation indicator $D^r(a, \theta) = \mathbb{1}\{\theta \leq \tau^r(a)\}$ and the probability of separation

$$d^r(a) = \Phi\big(\tau^r(a)/\sigma_\theta\big) \tag{12}$$

In period 1, the household anticipates these outcomes and chooses the feasible bundle that maximizes a weighted sum of the partners' expected lifetime utilities, $V^r(a; \xi) = \lambda V_f^r(a; \xi) + (1-\lambda) V_m^r(a; \xi)$, where

$$V_j^r(a; \xi) = u_{j1}^M(a) + \delta\, \mathbb{E}_\theta \Big[\big(1 - D^r(a, \theta)\big) \big(\bar{u}_{j2}^M(a) + \theta\big) + D^r(a, \theta)\, \bar{v}_j^{D,r}(a) \Big] \tag{13}$$

where $0 < \delta \leq 1$ corresponds to the discount factor and $a^{*,r}(\xi) \in \arg\max_{a \in \mathcal{A}(\xi)} V^r(a; \xi)$, with $\mathcal{A}(\xi)$ denotes the set of bundles feasible for the household. The child support system

enters this problem only through the values $\bar{v}_j^{D,r}(a)$. Although child support is paid only after separation, it therefore also affects which sectors couples choose while together, whether they have children, and whether they separate. Appendix D specifies the flow utilities, the allocation of resources within the couple, and the mother's problem after separation.

Equilibrium. An equilibrium is a set of decision rules that are optimal at every stage, given the child support system and the decisions that follow.

Definition 1 (Equilibrium)**.** Given a child support system r, an equilibrium is a set of rules $\{a^{*,r}(\xi),\, D^r(a,\theta),\, s_m^{*,r}(a,\psi),\, s_f^{*,r}(a,\psi)\}$ such that, for every household state ξ, $a \in \mathcal{A}(\xi)$, payment state ψ, and shock θ:

(i) *Separated Father:* $s_m^{*,r}(a,\psi)$ maximizes $\ln x_m(s)$ in (6), given (7) and (8);

(ii) *Separated Mother:* $s_f^{*,r}(a,\psi)$ solves the problem in (D.17), given the payment implied by (i);

(iii) *Separation Decision:* $D^r(a,\theta)$ satisfies (10)–(11), evaluated at the values attained in (i)–(ii);

(iv) *Period 1 Allocations:* $a^{*,r}(\xi)$ maximizes $V^r(a;\xi) = \lambda V_f^r(a;\xi) + (1-\lambda)V_m^r(a;\xi)$ over $a \in \mathcal{A}(\xi)$, given (iii).

The father's choice does not depend on the mother's, so the equilibrium is obtained household by household by backward induction from (i) to (iv) (Appendix D.1.5).

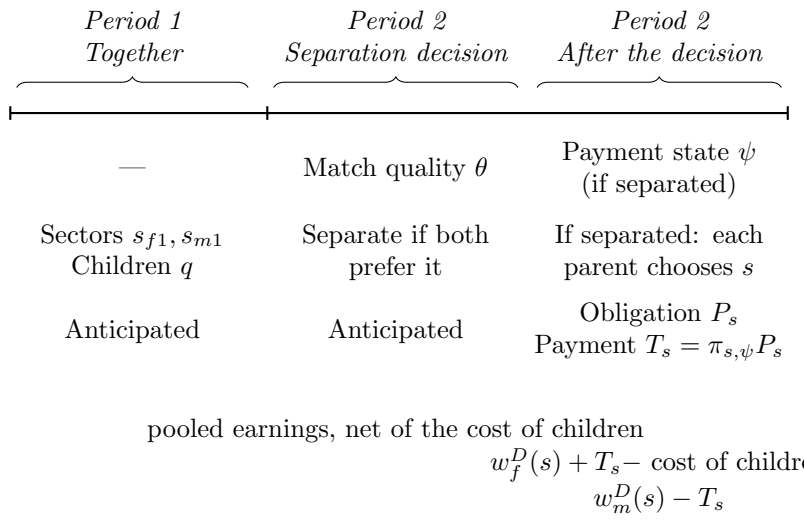
Figure 4 summarizes the timing of the model.

2 Estimation

The estimation combines three data sources, each informative about a different part of the model. First, data on couples before separation discipline earnings opportunities and preferences of each spouse. Potential formal earnings and the dispersion of the informal multiplier come from the employment survey. The distribution of employment sectors and the share of couples without children among young couples in the 2022 Census, together with the ratio of informal to formal earnings in the employment survey, discipline the median informal multipliers and the tastes for informal work, that is, how much individuals would earn in the sector they do not choose and how much they value informal work. The probability of separation, computed from vital statistics, disciplines how often couples separate.

Second, the court and payment records discipline the child-support system. The obligation gap between fathers who are and are not formally employed at the hearing, conditional

Figure 4: Timing of the model



Notes: Couples who stay together keep their period-1 sectors and pool their earnings in both periods. Separated parents work in the formal or informal sector; informal employment is absorbing, so parents who worked informally while together remain informal. The obligation P_s depends on the father's sector through determination, and the share paid $\pi_{s,\psi}$ through enforcement. The father values a share ς of the payment T_s.

on pre-filing earnings (Table 3, column 2), informs ω. The difference in the share of scheduled monthly payments made (Table 3, column 4), together with the shares of fathers who make none or all of their scheduled payments by formal-employment status at the hearing (Appendix Table D.2), informs the payment states.

Third, Table 5 shows that, among fathers formally employed before separation, those who separate and enter the child support system are 5.0 p.p. more likely to work informally than comparable fathers in stable households. We use this differential reallocation as a target for fathers' post-separation sector choices. Because separated parents in the model work in one of the two sectors, the increase in informal employment, rather than the decline in formal employment, is the relevant counterpart. Because tastes for informal work do not change with separation, the model attributes this reallocation to child support; we relax this attribution at the end of Section 3. Given earnings opportunities, preferences for informal work, and the child support rules, this moment informs ς: the more fathers value payments to their children, the weaker their incentive to move into informal employment.

In total, we estimate 24 parameters by the method of simulated moments, targeting 78 moments. Appendix D.2 describes the inputs, the moments, and their identification.

The model reproduces the three child-support targeted moments (an obligation gap of 23.5 against 22.8 percent, a payment-compliance gap of 17.1 against 17.2 p.p., and a response of initially formal fathers of 5.2 against 5.0 p.p.) and the probability of separation

(17.2 against 17.0 percent), and fits the distribution of sectors across types of couples well (Appendix Tables D.9–D.11). It also reproduces that fathers who are not formally employed pay nothing more often than those who are (21.7 against 14.9 percent, compared with 24.0 against 13.4 percent in the data), and the mean payment compliance among fathers who make some, but not all, scheduled monthly payments (58.4 and 49.9 percent for formal and informal fathers, against 58.6 and 49.9 percent). When a father who was formally employed works informally after separation, the estimated determination rule places a weight of 0.52 on potential formal earnings and the remaining weight on the minimum wage ($\hat{\omega} = 0.52$); in the estimated payment rules, informal fathers pay nothing when their payment state is below 0.22 and formal fathers below 0.14, and they pay in full from 0.56 and 0.46, respectively; and each unit paid lowers fathers' effective consumption by 0.41 units ($\hat{\varsigma} = 0.59$). The last parameter matters for magnitudes: with $\varsigma = 0$, 14.3 percent of initially formal fathers would work informally after separation. Because ς is disciplined by a single moment, the counterfactuals below should be read as conditional on it.

3 Counterfactuals: Determination and Enforcement

We compare the current system with three alternative child support rules that retain the statutory schedule: (R1) sector-neutral determination, in which the obligation of a father who was formally employed is based on his formal earnings capacity regardless of his employment sector ($\omega = 1$); (R2) sector-neutral enforcement, in which informal fathers pay the same share of their obligations as formal fathers; and (R3) a combination of sector-neutral determination and enforcement.[10] We also consider a benchmark without child support (R4) and a scenario with sector-neutral determination and full compliance (R5), which allows us to distinguish removing sector-specific incentives from ensuring that obligations are fully met. Our main exercise holds fixed couples' decisions before separation and their probability of separating, and recomputes only the choices that follow separation. It isolates how each feature affects fathers' sector choices, the margin disciplined by our moments.

For each father, the counterfactuals hold earnings opportunities, preferences, and the payment state fixed and change only the child support rules. A father changes sectors only if the resulting change in payments reverses his ranking of formal and informal employment. The aggregate response therefore depends on how many fathers are close enough to indifference for each reform to change their choice. Although the estimation targets fathers'

[10]Proposals along these lines are already under discussion in the region. For example, a recent report by the Buenos Aires provincial government in Argentina recommends presuming income for parents who leave registered employment during child support proceedings and extending garnishment to digital wallets (MMPGyDS, 2022).

aggregate transition into informal work under the current system, it does not target their responses to the alternative rules. Table 6 reports the results for the same fathers under each rule.

Table 6: The current system and alternative rules, same fathers

	Current system	(R1) Neutral det.	(R2) Neutral enf.	(R3) Both neutral	(R4) No CS	(R5) Full pay.
Informal if they separate (%)	5.2	3.3	3.0	1.1	1.2	1.0
Payment to the mother	0.701	0.710	0.712	0.718	0.000	0.993
Mother's resources	1.622	1.630	1.632	1.638	0.989	1.901
Father's earnings net of payment	1.669	1.670	1.669	1.672	2.390	1.398

Notes: The sample considers households with children in which the father was formally employed while together, each weighted by its probability of separation under the current system. Sectors while together, fertility, and probabilities of separation are those of the current system; only the choices after separation respond to each rule. The first row shows the share of these fathers who would work informally if they were to separate; the other rows correspond to averages of monthly minimum wages. Mother's resources are her earnings plus the payment, net of the cost of children. Rules are defined in Section 3.

Enforcement accounts for more of fathers' transition into informal employment than determination. The share of fathers who would work informally falls from 5.2 percent under the current system to 3.3 percent when only determination is sector-neutral (R1), to 3.0 percent when only enforcement is (R2), and to 1.1 percent when both are (R3), as low as without child support. Removing both features lowers the share by 4.1 p.p.. Because the contribution of each feature depends on whether it is removed first or second, we average over the two orders: enforcement accounts for about 2.2 of these 4.1 p.p. and determination for about 1.9. Making both features sector-neutral recovers earnings that the current system leads some fathers to forgo. The fathers who remain formally employed under the alternative rule earn 0.50 minimum wages more and pay 0.38 more, so mothers receive more without a decline in these fathers' earnings net of the payment (Appendix Table D.17). R5 shows that removing the sector incentive is not the same as guaranteeing payment: it leaves the share of fathers who work informally as under R3, but raises the average payment to mothers by 42 percent rather than 2 percent.[11]

When all choices respond. Table 7 reports the results when couples' sectors and fertility while together and their decisions to separate also respond to each rule. Panel A shows

[11] Appendix D.3.5 examines the effects of making both determination and enforcement independent of the father's sector (R3).

that child support affects which couples separate: the probability of separation of couples with children is 15.8 percent under the current system, 11.2 percent without child support (R4), and 21.0 percent under R5. Because the set of separating parents changes with the rule, the averages in Panel B compare different populations across columns. Enforcement still raises payments to mothers more than it does determination (0.516 and 0.504, compared with 0.497 under the current system). Under R3, however, mothers' average resources hardly change (1.446 to 1.439), mostly because mothers who were not employed while together, who have lower resources after separation, become somewhat more likely to separate (Appendix Table D.19). Among initially formal fathers who separate, the share who would work informally falls from 5.2 percent under the current system to 2.4 percent under R3 (Panel B). The larger contribution of enforcement therefore persists, although the population on which the share is computed differs across columns. The responses of fertility and separation are not disciplined by the moments we target, so we place less weight on these results than on those in Table 6.

Table 7: The current system and alternative rules, when all choices respond

	Current system	(R1) Neutral det.	(R2) Neutral enf.	(R3) Both neutral	(R4) No CS	(R5) Full pay.
Panel A. All couples						
Share with children (%)	82.8	82.9	83.0	83.0	79.3	84.5
Separation probability, couples with children (%)	15.8	15.9	16.3	16.4	11.2	21.0
Panel B. Parents with children who separate under each rule						
Informal if they separate (%)	5.2	4.2	3.4	2.4	1.8	3.9
Payment to the mother	0.497	0.504	0.516	0.525	0.000	0.789
Mother's resources	1.446	1.451	1.434	1.439	1.351	1.428
Father's earnings net of payment	1.452	1.455	1.435	1.439	1.602	1.308

Notes: Every choice responds to each rule: sectors and fertility while the couple is together, whether it separates, and sectors after separation. Panel A refers to all couples, a population that does not change with the rule. Amounts are in monthly minimum wages. In Panel B, households are weighted by their prob. of separation under each rule, so the population differs across columns; it includes fathers who were informally employed while together, although the share who would work informally if they separated refers to those who were formally employed while together. Rules are defined in Section 3.

Robustness to the targeted response. The ranking of the two features is also unchanged when the model attributes only part of the observed reallocation to child support. In the event studies, about 77 percent of fathers' decline in formal employment persists when

household dissolution is common to both groups (Section 3.1). Targeting $0.77 \times 5.0 \approx 3.87$ p.p. instead of 5.0 p.p. raises $\hat{\varsigma}$ to 0.70 and lowers the total effect of the sector differences from 4.1 to 2.7 p.p., with enforcement still accounting for about 55 percent (Appendix Table D.16). The magnitudes therefore depend on how much of the observed reallocation is attributed to child support, but the larger role of enforcement does not.

VII Conclusion

This paper examines how parents adjust their employment when they separate and enter the child support system in a setting with widespread labor informality. By linking child support and court records to administrative labor market histories and Census data, we document different responses by mothers and fathers. Mothers, who receive child support, increase their labor market attachment, particularly those who were not formally employed before separation. Fathers, who pay child support, become less likely to be formally employed, and complementary comparisons indicate that household dissolution alone cannot account for this decline. At longer horizons, fathers' lower formal employment is largely accounted for by greater informal employment, particularly among those formally employed before separation. These patterns are consistent with incentives created by the child support system: formal employment makes fathers' earnings observable to courts when determining obligations and facilitates subsequent enforcement through wage withholding.

We estimate a model of household employment, fertility, and separation to quantify the importance of these incentives for fathers' sector choices. The model accounts for earnings opportunities across sectors, preferences for informal work, and the value fathers place on transfers to their children's households. In the estimated model, differences in enforcement across sectors contribute more to fathers' movement into informal employment than differences in how obligations are determined. Removing both differences substantially reduces the movement into informal work. Model estimates suggest that improving the measurement of earnings alone may be insufficient to address incentives to leave formal employment when enforcement remains concentrated in the formal sector.

Our findings should be interpreted in light of the empirical variation available in our setting. In the absence of exogenous variation in family separation or child support rules, we use a matching design to construct a plausible counterfactual for parents' labor market trajectories. However, unobserved differences between separating and non-separating parents may remain, and some labor market adjustments may precede the filing date. In addition, our complementary comparisons help assess, but cannot fully isolate, the role of child support. The magnitude of our model counterfactuals also depends on how much of

the observed reallocation toward informal employment is attributed to child support incentives. Despite these limitations, family separation is a common and consequential transition, and understanding how parents' employment evolves around it is important for assessing its economic consequences. Our findings document a largely unexplored dimension of these adjustments: the reallocation of employment between formal and informal sectors.

Future research could build on these findings in two directions. First, studying exogenous changes in child support rules or enforcement in a setting with widespread labor informality, using data that capture both formal and informal employment, would help identify their causal effects on labor supply and assess the model's predictions. Second, while our counterfactuals illustrate how alternative child support rules affect incentives to work informally, they do not account for the feasibility or implementation costs of these reforms. Assessing the earning capacity of fathers outside formal employment requires information that may not be readily available to courts, while extending enforcement beyond wage withholding may require additional data sharing and administrative capacity. Evaluating the effectiveness and costs of these reforms in practice would help determine which policy changes offer the greatest benefits relative to their costs.

More broadly, our findings highlight how earnings-contingent obligations can shape not only how much individuals work but also whether their employment is visible to the state. In settings with widespread informality, leaving formal employment need not imply withdrawing from work or losing earning capacity. Instead, workers may reallocate toward employment where earnings are less observable and obligations are harder to enforce. While our analysis focuses on child support, this distinction between earnings observability and enforcement has broader implications for the design of institutions that condition obligations on labor income.

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A Supporting Evidence on Formality and Child Support

A.1 Labor Earnings Outside Formal Employment

Our main administrative data measure labor earnings reported through Ecuador's social-security and tax records. These data allow us to observe formal employment and earnings consistently over time, but they do not reveal labor earnings earned outside the formal sector. To characterize earnings that are not captured by these administrative records, we use Ecuador's nationally representative National Employment Survey (ENEMDU), which reports employment status and labor earnings for workers regardless of whether their employment is formally registered. The exercises in this section therefore use the broader ENEMDU population rather than our main analysis sample. Their purpose is to assess how informative the absence of formal earnings in administrative records is about workers' actual labor earnings.

We link ENEMDU respondents to administrative social-security records using national identification numbers. Throughout our analysis, we define formal employment using these administrative records. In general, a job is considered formal if it entails coverage by labor regulations and social security (Ulyssea, 2020). Although ENEMDU collects information on respondents' social-security coverage, this variable contains substantial nonresponse in our survey data. We therefore classify employment status using the linked administrative records. With the exception of members of the armed forces, an individual who reports being employed in ENEMDU and appears in the social-security records in the month of the survey interview is classified as formally employed; an employed individual who does not appear in those records is classified as informally employed. This definition is consistent with the administrative measure of formal employment used in our main analysis, while ENEMDU additionally allows us to observe the labor earnings of workers who are absent from those records.

We focus on men aged 22–55, corresponding closely to the population of fathers in our main analysis. We first ask whether informal workers are concentrated at low earnings levels or whether their earnings overlap with those of formal workers. Figure A.1 compares monthly labor earnings of full-time formal and informal workers, expressed relative to the statutory minimum wage prevailing at the time of the survey to make earnings comparable across years. Informal workers earn less on average, but their earnings are highly dispersed and overlap substantially with those of formal workers. Median labor earnings among informal workers are approximately 1 statutory minimum wage, the 75th percentile is 1.25 statutory

minimum wages, and the 90th percentile is 2.01 statutory minimum wages.

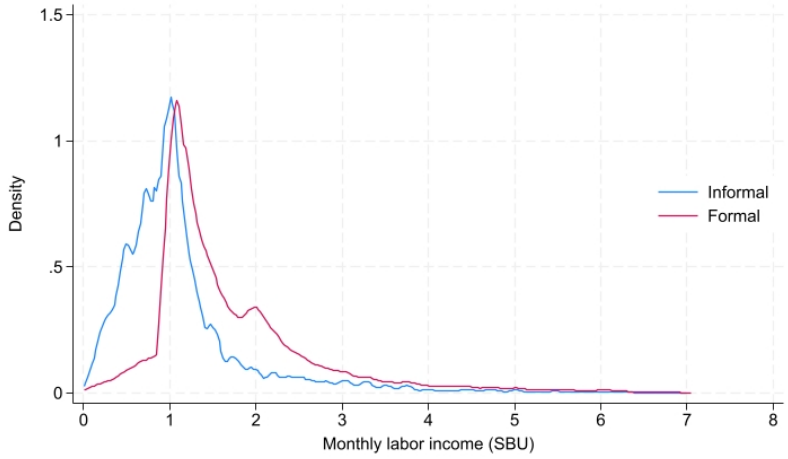


Figure A.1: Labor Earnings of Formal and Informal Workers

Notes: The figure shows kernel densities of monthly labor earnings among formally and informally employed men aged 22–55 working at least 40 hours per week in ENEMDU (2014–2024), weighted by survey expansion factors.

Differences in the raw earnings distributions may partly reflect differences in the characteristics of workers who select into formal and informal employment. Figure A.2 therefore compares residual labor earnings from a Mincer-style specification that conditions on age, education, city, and calendar year. Substantial overlap remains: informal workers are represented throughout a broad range of the residual earnings distribution, including at values comparable to those of formal workers. The overlap in raw earnings is therefore not explained solely by differences in observable characteristics between formal and informal workers. This pattern is consistent with evidence from other developing-country labor markets, where informal labor income distributions have also been shown to overlap substantially with formal labor income rather than being confined to the bottom of the distribution (for Brazil, Meghir et al., 2015).

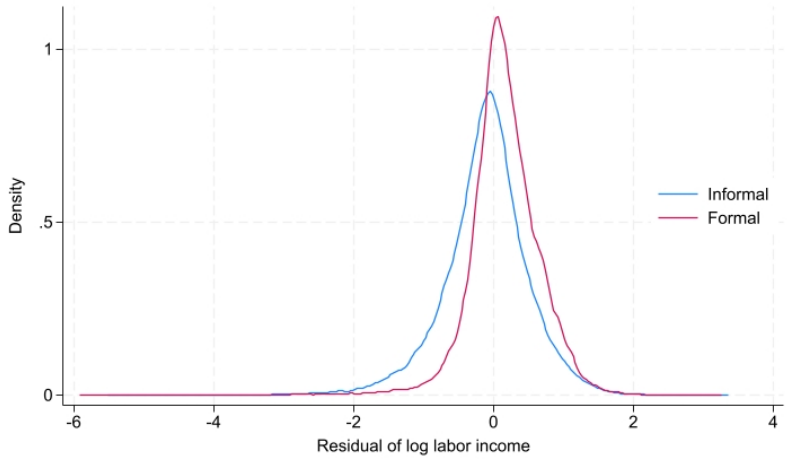


Figure A.2: Residual Labor Earnings of Formal and Informal Workers

Notes: The figure shows kernel densities of residuals from a regression of log monthly labor earnings (relative to the statutory minimum wage) on education-level indicators, a quadratic in potential experience, city fixed effects, year fixed effects, and fixed effects for each value of weekly hours worked. The regression is estimated on employed men aged 22–55 in ENEMDU (2014–2024), pooling formal and informal workers and weighting by survey expansion factors.

Cross-sectional comparisons between formal and informal workers, even conditional on observable characteristics, may still reflect selection into employment sectors. We therefore complement these comparisons with within-worker evidence. ENEMDU's rotating-panel structure allows us to identify men observed in consecutive survey interviews who are formally employed in the first interview and informally employed in the next. We restrict the two interviews to be between one and fifteen months apart and calculate the change in real monthly labor earnings between them.

Figure A.3 shows the distribution of these within-worker earnings changes. Real earnings decline for most workers who transition from formal to informal employment, but the decline is far from universal. The distribution contains substantial mass around zero and above it: some workers experience little change in earnings, while others earn more after moving into informal employment. Because this comparison follows the same individuals across survey waves, these patterns cannot be explained by time-invariant differences between workers in formal and informal employment. The exercise does not imply that moving into informal employment causes earnings to remain unchanged or increase, since the transition itself may be selected and may coincide with other changes affecting earnings. It does show, however, that leaving formal employment does not mechanically entail a corresponding decline in labor earnings.

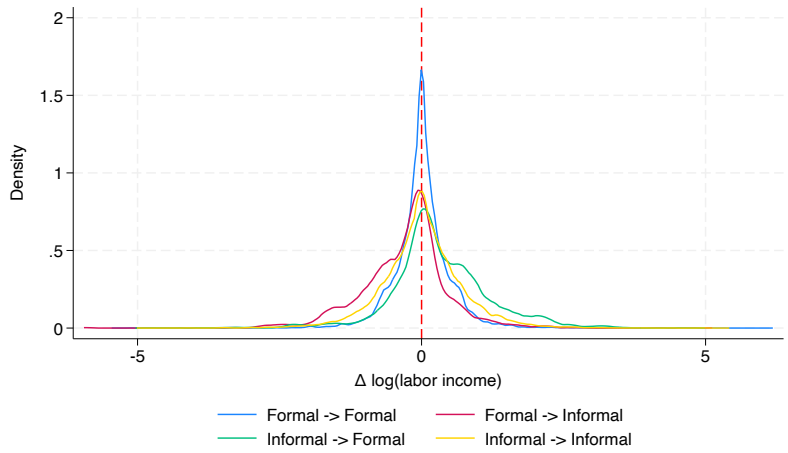


Figure A.3: Labor Earnings Changes among Workers Moving from Formal to Informal Employment

Taken together, these exercises show that informal employment in Ecuador is not confined to workers with little or no labor income. Informal workers' earnings overlap substantially with those of formal workers, and workers who move from formal to informal employment do not necessarily experience a decline in earnings.

Table A.1: Formal Employment at the Hearing and Child Support Outcomes

	(1) Amount per child	(2) Payment compliance	(3) Enforcement action	(4) Months with enforcement
Formal at hearing	0.172***	0.177***	-0.110***	-0.481***
	(0.008)	(0.006)	(0.007)	(0.031)
Pre-filing formal sample	No	No	No	No
Pre-filing earnings-decile FE	No	No	No	No
Mean dep. var.	0.518	0.670	0.370	1.038
Observations	18,163	18,163	18,163	18,163

Notes: Each column reports the coefficient on an indicator equal to one if the father is formally employed in the month of the hearing. The dependent variable is the final child support order per child, measured in monthly minimum wages in column (1); payment compliance, defined as the number of scheduled monthly payments made divided by the number of months with an active child support obligation, measured from the hearing through December 2024, in column (2); an indicator for a subsequent enforcement action (*apremio*) in column (3); and the number of distinct months with an enforcement action recorded in the case file in column (4). Column (2) additionally controls for the total number of observed payment transactions and the order amount per child; column (3) additionally controls for the order amount per child. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

B Construction of the Dataset

This appendix describes the construction of the dataset used in the analysis. We first constructed a nationwide registry of individuals appearing in Ecuador's maintenance-payment system (SUPA). For all SUPA records originating from a court or mediation office in the province of Pichincha, we then used the judicial case identifier reported in SUPA to recover the corresponding judicial proceeding from SATJE. For each individual associated with these records, we additionally searched SATJE for all other proceedings in which they appeared, allowing us to reconstruct the broader family-law judicial history of each parent pair in the province. We then processed the resulting judicial records to construct structured information on the timing and characteristics of the proceedings, judicial decisions, child support awards, enforcement actions, and the family context in which the pair entered the child support system. Finally, within INEC's secure data environment, we linked the resulting judicial dataset to the administrative and survey records described in Section III. All Python code used to collect the publicly available records and construct the resulting databases is available from the authors upon request.

B.1 Constructing the Nationwide SUPA Registry

SUPA does not provide a downloadable database or a list of individuals with registered maintenance obligations. Instead, its public platform allows users to search for records using an individual's national identification number. We therefore constructed a nationwide registry of SUPA records by systematically querying the platform.

To do so, we developed an algorithm that generated the universe of potentially valid Ecuadorian national identification numbers and queried each number individually through SUPA's public search interface. For each successful query, SUPA reports the individual's role in the maintenance obligation, the name of the other party, a unique SUPA card number, and the judicial case number associated with the obligation. Because individuals can be queried separately, the same maintenance obligation can generally be observed from both sides. For example, querying individual A may return a SUPA card associated with judicial case X and identify individual B as the other party, while querying individual B returns the same card and case and identifies individual A as the counterpart. We exploit this reciprocal structure to construct matched payer–recipient pairs: two individuals are linked when their independently recovered records correspond to the same underlying SUPA obligation. This procedure allows us to identify both parties using their national identification numbers rather than relying on the names reported by SUPA.

Applying this procedure to the universe of potential identification numbers yields a na-

tionwide registry of 1,599,574 unique individuals appearing in SUPA as either payers or recipients. Of these, 1,406,471 individuals (87.93 percent) can be linked into 790,365 uniquely identified payer–recipient pairs. Most individuals are associated with only one counterpart: 1,251,099 individuals appear in a single pair, while progressively smaller numbers are linked to multiple counterparts. Specifically, 139,145 individuals are linked to two counterparts, 14,146 to three, 1,681 to four, 284 to five, 75 to six, 26 to seven, 9 to eight, 5 to nine, and 1 to ten. These counts reconcile exactly with the number of unique pairs: summing the number of person–pair links across individuals yields 1,580,730 links, exactly twice the 790,365 unique payer–recipient pairs.

For each identified SUPA card, we recovered information from the card details, transaction history, pending transactions, and records of judicial orders and indexations. These records provide the national identification numbers and roles of the individuals associated with the card, the corresponding judicial case number and jurisdiction, the filing date, the history of scheduled and completed payments, and, when available, provisional and definitive child support amounts. Because SUPA records are continuously updated as new monthly obligations and transactions are added, the information observed for an active case depends on the date on which the platform is queried. Our data enforcement took place between March 2025 and March 2026. To ensure a common observation window across cases regardless of when they were queried, in our analysis we retain transaction information only through December 2024.



Figure B.1: Example of a SUPA Search Record

Notes: The figure shows an example of the information returned by the public SUPA platform when searching for an individual using their national identification number. The search result reports the SUPA card number, the associated judicial case number and jurisdiction, and the names of the payer and recipient. National identification numbers and other identifying information are partially redacted.

B.2 Linking SUPA to Judicial Records (SATJE)

Each SUPA card reports the judicial case number associated with the maintenance obligation as well as the court or mediation office from which the case originated. We use this jurisdictional information to identify all SUPA records associated with courts and mediation offices in the province of Pichincha. For each such record, we retain the national identification numbers of the two associated individuals and use the judicial case number reported in SUPA to retrieve the corresponding proceeding from the Judicial Case Inquiry System (SATJE), the Judicial Council's public platform containing digitized court records.

We do not restrict the judicial data enforcement to the proceeding reported in SUPA. For each individual associated with a Pichincha SUPA card, we use their national identification number to search SATJE for all judicial proceedings in which they appear, separately querying the individual as plaintiff and as defendant. For each proceeding identified through these searches, we recover the case file together with the case cover information, which reports the case number, subject matter, filing date, plaintiff, and defendant. The case file contains the complete sequence of judicial actions and the associated text recorded over the course of the proceeding.

Reconstructing Family-Law Histories. We use these individual-level searches to reconstruct the judicial history of each payer–recipient pair. Consider two individuals, A and B, who are linked through a Pichincha SUPA card. The searches described above may return proceedings involving A or B with many different parties. We therefore retain only family-law proceedings in which A and B appear as opposing parties, regardless of which individual is the plaintiff (Actores/Ofendidos) and which is the defendant (Demandados/Procesados). Thus, a proceeding is assigned to the pair whenever A appears as plaintiff and B as defendant, or B appears as plaintiff and A as defendant. We restrict this procedure to proceedings classified under the family-law subject matter (Materia) in SATJE and combine all qualifying proceedings chronologically. The resulting sequence constitutes the pair's family-law judicial history in Pichincha.

This procedure is important because the judicial proceeding reported on the SUPA card need not be the first or only interaction between the two individuals in the family court system. A pair may, for example, appear in separate proceedings involving divorce, dissolution of a consensual union, child support, pregnancy support, paternity, custody, or visitation. Reconstructing the complete sequence of shared family-law proceedings therefore allows us to identify the pair's first observed judicial interaction and to characterize the family context in which the pair subsequently entered the child support system.

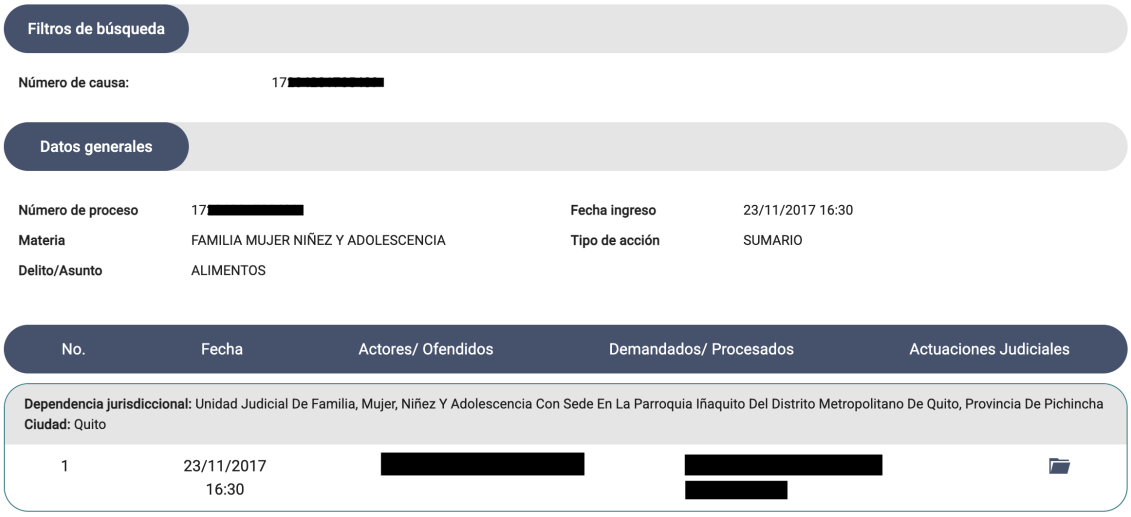


Figure B.2: Example of a SATJE Judicial Record

Notes: The figure shows an example of the case information available through the public SATJE platform. The record identifies the judicial case number, subject matter, filing date, plaintiff, and defendant. We use these fields to identify family-law proceedings shared by the two individuals associated with a SUPA card and to reconstruct their joint judicial history. Personally identifying information is redacted.

B.3 Extracting Information from SATJE Records

Beyond allowing us to reconstruct each pair's family-law judicial history, SATJE provides information that is central to the determination of child support obligations but is not recorded in SUPA. In particular, SUPA does not report the number of children or other beneficiaries for whom support is being claimed, nor whether the court recognizes additional family dependents of the defendant. Both are important inputs into the determination of child support awards. This information, together with many other characteristics of the judicial process, appears in the text of judicial filings, hearings, and resolutions available through SATJE.

Because much of this information is contained in unstructured text, we use regular expressions and other rule-based text-parsing routines applied to the titles and body text of judicial entries to convert the court records into structured variables. Through this procedure, we identify hearings, judicial decisions, agreements between the parties, enforcement actions, and references to family circumstances relevant to the determination and enforcement of child support.

In particular, we recover the number of child support beneficiaries and, when explicitly stated in the judicial record, their ages. We also identify whether the defendant is recognized as having additional family dependents and, when available, the number of such

dependents. In addition, we recover the timing of hearings, including the date of the first recorded hearing and the elapsed time between filing and hearing, as well as indicators for direct-payment arrangements, suspension of obligations, wage-withholding orders, detention and other coercive enforcement measures, requests for increases or reductions in support, and references to custody, visitation, paternity disputes, family conflict, and restrictions on leaving the country.

We also recover information on child support awards reported in SATJE, including provisional and definitive pension amounts when these are explicitly stated in judicial resolutions or hearing records. When the same concept is observed in both SATJE and SUPA, we use the SATJE extraction to validate the corresponding measure but give priority to the value reported in SUPA, since SUPA is the administrative platform through which the maintenance obligation is recorded and administered.

In some cases, we complement the rule-based extraction with large language models. We use this approach selectively to verify information recovered from especially complex judicial text rather than to replace the underlying rule-based extraction procedure. Consistent with the project's data-security protocols, all large-language-model processing was conducted locally on authorized machines so that judicial text and personally identifying information were not transmitted to external services.

The resulting dataset therefore combines the payment and administrative information recorded in SUPA with information on the family circumstances and judicial process under which child support obligations are determined and enforced. Importantly, the SATJE records allow us to observe characteristics of the obligation that cannot be inferred from SUPA alone, including the number of beneficiaries covered by the claim and the additional family dependents recognized for the defendant.

B.4 Linking to Administrative Records at INEC

Once the SUPA and SATJE records were combined and processed, we transferred the resulting dataset to the secure data environment of Ecuador's National Institute of Statistics and Censuses (INEC). All subsequent linkages to confidential administrative and survey records were conducted within this environment using individuals' national identification numbers. We linked the judicial dataset to the administrative labor market records, Civil Registry, the 2015–2023 National Birth Registry, the 2022 Population Census, and the 2014–2024 waves of ENEMDU described in Section III.

An important additional step in this process is the validation and refinement of the payer–recipient pairs constructed from the public judicial records. Outside INEC's secure

environment, the SUPA and SATJE records provide the national identification numbers and judicial roles of the parties but contain limited demographic information with which to assess whether a matched payer–recipient pair corresponds to the mother and father of the children covered by the child support case. Linking these records to the Civil Registry and other administrative sources allows us to observe demographic characteristics, including each individual's date of birth and gender, and to impose additional restrictions on the pairs used in the analysis.

We first validate national identification numbers by comparing demographic information across the linked sources, using the Civil Registry as our primary source for dates of birth. We then use the resulting demographic information to construct the parent-pair sample described in Section III. In particular, we restrict the sample to opposite-gender pairs in which both individuals were between ages 21 and 55 at the time of their first observed family-law proceeding and the age difference between the two parties was no more than 15 years. We waive the age-gap restriction when Civil Registry records indicate that the two individuals share the same marriage date, which provides independent evidence that the pair corresponds to a couple.

The administrative linkages also provide information used to further characterize the family histories of these pairs. Civil Registry records allow us to identify shared marriage dates, while the National Birth Registry provides information on recent fertility histories and the 2022 Population Census provides, among other characteristics, mothers' age at first birth. These variables complement the judicial histories reconstructed from SATJE and are used to construct the analysis samples and comparison groups described in the main text.

Finally, linking the validated parent pairs to the administrative labor market records allows us to construct monthly histories of formal employment and earnings before and after their family-law proceedings. The Census and ENEMDU provide complementary information on labor-force status and informal employment that is not observed in the administrative social-security records. Because valid national identification numbers are unavailable for a subset of Census records, Census linkage is performed at the individual level and does not require both members of a pair to be successfully linked.

Table B.1: Comparison of everyone and HH samples

	Everyone	**HH**		
		All HH pairs	**Census-linked**	**Analysis sample**
Panel A. Fathers				
Age (mean)	33.83	35.90	35.99	36.05
	(7.68)	(7.55)	(7.59)	(7.59)
Formally employed (%)	51.43	54.73	58.43	58.98
Employment category (%)				
Wage-earner	93.45	92.38	92.95	92.98
Self-employed	3.60	3.98	3.64	3.74
Business owner	2.20	2.77	2.55	2.51
Monthly earnings among wage-earners	2.00	2.25	2.40	2.43
(min wage units)	(1.44)	(1.64)	(1.73)	(1.74)
Never formal (%)	21.71	20.38	19.65	19.66
Number of fathers	98,334	41,087	21,837	12,720
Panel B. Mothers				
Age (mean)	31.74	33.79	33.99	33.87
	(7.21)	(7.20)	(7.23)	(7.25)
Formally employed (%)	42.34	46.92	48.11	50.23
Employment category (%)				
Wage-earner	92.09	91.34	91.34	91.34
Self-employed	3.34	3.80	3.85	3.82
Business owner	1.56	2.19	2.03	1.98
Monthly earnings among wage-earners	1.77	2.00	2.07	2.16
(min wage units)	(1.31)	(1.49)	(1.53)	(1.56)
Never formal (%)	31.73	29.74	28.86	27.31
Number of mothers	98,334	41,087	27,715	12,720

Notes: The table compares the full sample (*Everyone*) with the household sample (*HH*) and its census-linked subsamples. In the *Analysis sample* column, the individual is census-linked and their partner in the same household is also census-linked. All characteristics are measured in the month prior to the filing of the first judicial event, except "Never formal," which indicates that the individual is never observed in the formal social-security records before that filing. Employment-category shares are calculated among individuals observed in formal employment in the month prior to filing. Monthly earnings are reported only for wage-earners. Standard deviations are reported in parentheses for continuous variables.

Table B.2: Comparison of everyone and Non-HH samples

	Everyone	**Non-HH**	
		All non-HH pairs	**Analysis sample**
Panel A. Fathers			
Age (mean)	33.83	29.93	30.03
	(7.68)	(6.35)	(6.45)
Formally employed (%)	51.43	51.38	52.72
Employment category (%)			
Wage-earner	93.45	96.37	96.60
Self-employed	3.60	1.68	1.57
Business owner	2.20	1.14	0.92
Monthly earnings among wage-earners	2.00	1.92	1.97
(min wage units)	(1.44)	(1.27)	(1.34)
Never formal (%)	21.71	22.34	19.85
Number of fathers	98,334	2,896	1,451
Panel B. Mothers			
Age (mean)	31.74	28.13	28.32
	(7.21)	(5.38)	(5.37)
Formally employed (%)	42.34	41.19	46.66
Employment category (%)			
Wage-earner	92.09	93.71	94.39
Self-employed	3.34	1.93	1.92
Business owner	1.56	0.84	0.44
Monthly earnings among wage-earners	1.77	1.74	1.74
(min wage units)	(1.31)	(1.20)	(1.14)
Never formal (%)	31.73	28.25	22.40
Number of mothers	98,334	2,896	1,451

Notes: The table compares the full sample (*Everyone*) with the non-household sample (*Non-HH*) and the corresponding analysis sample. All characteristics are measured in the month prior to the filing of the first judicial event, except "Never formal," which indicates that the individual is never observed in the formal social-security records before that filing. Employment-category shares are calculated among individuals observed in formal employment in the month prior to filing. Monthly earnings are reported only for wage-earners. Standard deviations are reported in parentheses for continuous variables.

C Event-Study Design and Additional Results

C.1 Matching Procedure

This section describes the procedure used to construct the matched control groups in 2 and Section 3.2, as well as the alternative matching procedures used as robustness checks for 2.

Baseline matching procedure: `t12 random`**.** Our baseline approach matches fathers and mothers separately. The objective is to compare treated parents to untreated parents who are similar in observable demographic characteristics and in their formal labor market trajectories prior to the reference event.

The pool of potential controls is drawn from married or cohabiting parents in Pichincha who are observed in stable households and are never linked to a child support case in the judicial records. In 2, these controls provide the comparison group for parents who separate and enter the child support system. In 3.2, the control pool is further restricted to couples whose first child is born within a stable household and who are likewise never observed in the child support system.

For each treated individual, we define the relevant event month and then search for admissible controls within this pool. In 2, the event is the month of the first filing. In 3.2, the event is the month of the woman's first birth. Matching is performed separately by gender. In the baseline specification, treated and control individuals must match exactly on age. For mothers, we additionally require an exact match on age at first birth. In 3.2, treated and control individuals must also be associated with births occurring in the same calendar year.

Within each admissible set, we further distinguish individuals according to whether they exhibit any formal labor market activity during the twelve months preceding the event. Using the administrative social-security records, we classify an individual as formally active if he or she has positive formal labor income in at least one month between event time -12 and -1. Treated individuals with pre-event formal activity are matched only to controls who also display formal activity in that window. Treated individuals with no pre-event formal activity are matched only to controls with no formal activity over the same period.

Among individuals with positive pre-event formal activity, similarity is measured using the full monthly earnings trajectory in the year preceding the event. Let w_{ik} denote formal monthly earnings in U.S. dollars for individual i in relative month $k \in \{-12, \ldots, -1\}$. For each treated individual and each admissible control candidate, we construct the sequence $\log(1 + w_{ik})$ over the twelve pre-event months and recenter it by subtracting the individual's

mean over that period. We then compute the sum of squared differences between the treated and control demeaned trajectories and select the control with the smallest distance. Thus, matching is based on the shape of pre-event earnings trajectories rather than on earnings levels. For treated individuals with no pre-event formal activity, the match is selected at random from among admissible controls satisfying the exact-matching restrictions and the no-activity requirement.

Matching is one-to-one, greedy, and without replacement. Because the availability of controls changes as matches are assigned, the resulting matches can depend on the order in which treated individuals are processed. In our baseline `t12 random` implementation, we randomize the order of treated individuals before applying the greedy matching algorithm, so that no systematic priority is given to individuals based on their position in the original data. Once a control is assigned to a treated individual, that control is removed from the pool and cannot be used again.

Event time is assigned differently across the two matched exercises. In 2, matched controls inherit the filing month of their treated counterpart. In 3.2, treated and control parents are indexed relative to the month of the woman's first birth in their respective pair. In both cases, treated and control observations are expressed on a common relative-time scale for the event-study analysis.

Alternative 1: `t12`. The first alternative procedure is identical to the baseline `t12 random` algorithm in terms of the control pool, exact-matching restrictions, partition by pre-event formal activity, and distance metric. The only difference is the order in which treated individuals are processed. Rather than randomizing this order before matching, the `t12` implementation processes treated individuals in their original sample order. Comparing the results from `t12 random` and `t12` therefore provides a direct check of whether the event-study estimates are sensitive to the order dependence inherent in greedy one-to-one matching without replacement.

Alternative 2: `mah`. The second alternative procedure preserves the same overall structure as the baseline algorithm. Matching is still conducted separately for fathers and mothers, remains one-to-one and without replacement, applies the same exact-matching restrictions, and partitions treated individuals according to whether they had any formal labor market activity during the twelve months before filing.

The difference lies in how similarity is measured for individuals with positive pre-event formal activity. Instead of comparing the full month-by-month earnings path, this procedure summarizes the pre-event earnings trajectory in the twelve months before the event using

four moments computed from $\log(1 + w)$: the mean, the standard deviation, the linear trend, and the share of months with positive formal labor income. Admissible controls are then ranked according to their Mahalanobis distance from the treated individual in this four-dimensional summary space, and the selected match is the admissible control with the smallest Mahalanobis distance. As in the baseline specification, treated individuals with no pre-event formal activity are matched at random within the relevant exact-matching cell among controls who also exhibit no formal activity in the pre-event window.

Alternative 3: household-level matching. The third alternative procedure performs the matching at the household level rather than separately for fathers and mothers. In this version, the unit of matching is the couple rather than the individual parent. Each treated household is matched to a stable untreated household in Pichincha that never enters the child support system.

The matching cell is defined by the woman's age, her age at first birth, and the couple's joint pattern of formal labor market activity during the twelve months preceding the filing month. Specifically, households are grouped according to whether neither parent, only the mother, only the father, or both parents exhibit positive formal labor income during that window. Within these admissible cells, pre-event earnings trajectories are compared using the same logic as in the individual-level procedure: when both parents are formally active, similarity is based on both parents' pre-event earnings paths; when only one parent is formally active, similarity is based on that parent's path; and when neither parent is formally active, matching is random within the cell. Matching is again one-to-one and without replacement. The resulting household matches are then used to construct separate event-study samples for fathers and mothers.

Appendix Tables C.1 and C.2 report balance in demographic characteristics and pre-event labor market outcomes for the matched samples used in the main analysis of Section IV and Section 3.2 respectively. Appendix Figure C.1 report the corresponding results under these alternative matching procedures.

Table C.1: Balance of Covariates in the Matched Stable-Household Sample

Panel A. Fathers

	Treated	Control	Diff.	p-value
Age (Dec2022)	42.554	42.554	0.000	1.000
Formal employment (share)	0.604	0.605	0.000	0.940
Mean wage (pre-event)	565.885	559.598	6.288	0.572
N		12,720		

Panel B. Mothers

	Treated	Control	Diff.	p-value
Age (Dec2022)	40.401	40.401	0.000	1.000
Age at first child	22.431	22.431	0.000	1.000
Total live births	2.314	2.314	0.000	1.000
Formal employment (share)	0.504	0.515	−0.010	0.083
Mean wage (pre-event)	390.993	380.156	10.837	0.200
N		12,155		

Notes: The table presents covariate means for the treated and control groups in the matched stable-household comparison, separately for fathers and mothers, measured before the reference event. The matching procedure successfully matches 100% of eligible fathers and 95.5% of eligible mothers.

Table C.2: Balance of Covariates in the Matched Alternative Path into CS

Panel A. Fathers

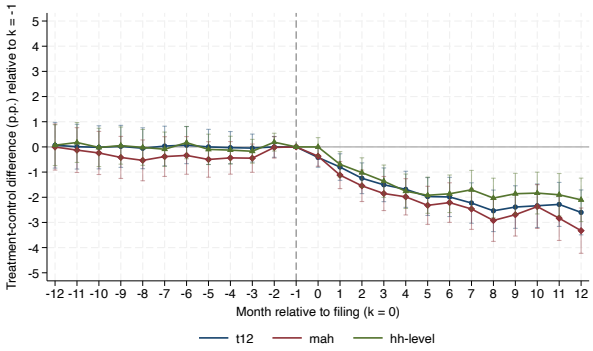
	Treated	Control	Diff.	p-value
Age (Dec2022)	34.893	34.893	0.000	1.000
Formal employment (share)	0.526	0.539	−0.013	0.455
Mean wage (pre-event)	401.100	388.891	12.209	0.555
N		1,367		

Panel B. Mothers

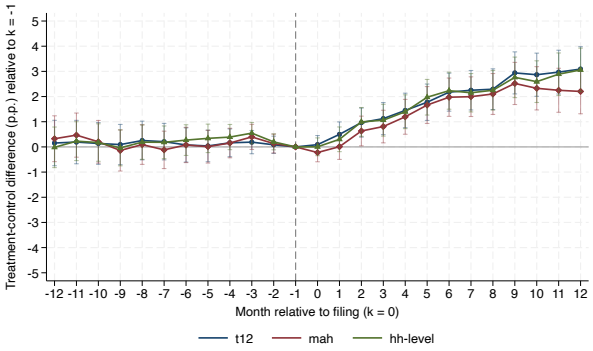
	Treated	Control	Diff.	p-value
Age (Dec2022)	31.173	31.173	0.000	1.000
Age at first child	25.539	25.539	0.000	1.000
Formal employment (share)	0.476	0.491	−0.015	0.5281
Mean wage (pre-event)	316.127	322.995	−6.868	0.763
N		770		

Notes: The table presents covariate means for the treated and control groups in the matched separated-household comparison, separately for fathers and mothers, measured before the reference event. The matching procedure successfully matches 94.22% of eligible fathers and 53.07% of eligible mothers.

Formal employment

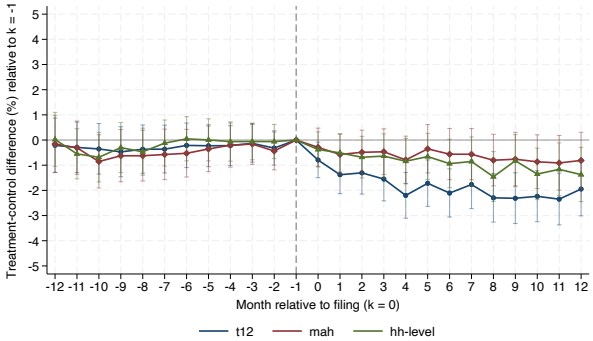


(a) Fathers

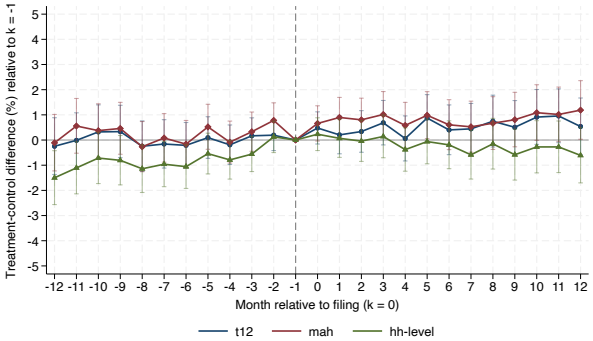


(b) Mothers

Formal labor income



(c) Fathers



(d) Mothers

Figure C.1: **Event-study estimates relative to matched stable households.** The top row reports estimates for formal employment, while the bottom row reports estimates for log formal labor income. Fathers are shown in the left column and mothers in the right column.

C.2 Formal Employment and Earnings after Separation

Table C.3: HH vs. stable HH

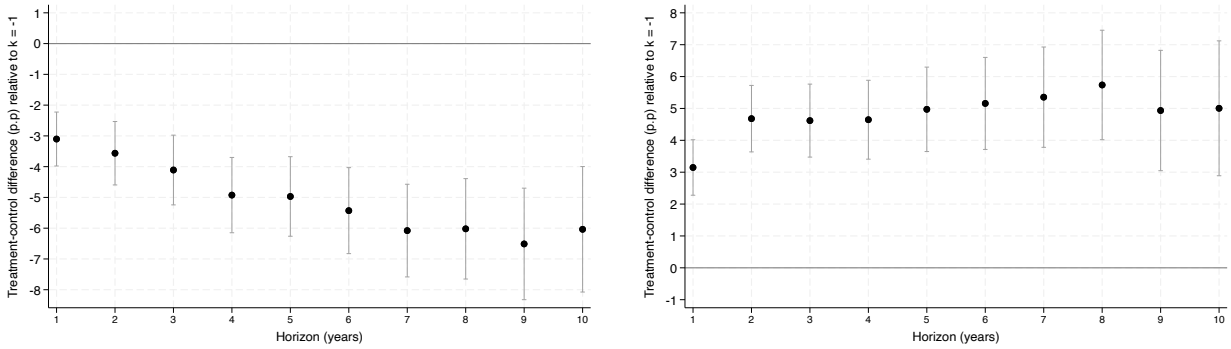
	Sample of fathers			Sample of mothers		
	Participation	Earnings	Earnings incl. zeros	Participation	Earnings	Earnings incl. zeros
$t = -12$	0.08	-0.29	0.06	0.11	-0.32	-0.43
	(0.45)	(0.54)	(0.86)	(0.45)	(0.57)	(0.91)
$t = -11$	0.01	-0.28	0.26	0.15	-0.04	0.02
	(0.44)	(0.50)	(0.83)	(0.43)	(0.54)	(0.89)
$t = -10$	-0.01	-0.47	-0.19	0.11	0.23	-0.15
	(0.43)	(0.50)	(0.79)	(0.41)	(0.54)	(0.85)
$t = -9$	0.03	-0.59	-0.26	0.03	0.25	0.04
	(0.42)	(0.49)	(0.77)	(0.40)	(0.52)	(0.84)
$t = -8$	-0.05	-0.46	-0.46	0.21	-0.29	-0.45
	(0.41)	(0.48)	(0.74)	(0.38)	(0.50)	(0.80)
$t = -7$	0.04	-0.48	0.04	0.15	-0.13	-0.59
	(0.39)	(0.47)	(0.72)	(0.36)	(0.48)	(0.76)
$t = -6$	0.08	-0.30	-0.01	0.04	-0.17	-0.28
	(0.37)	(0.44)	(0.67)	(0.34)	(0.45)	(0.71)
$t = -5$	0.00	-0.27	-0.40	-0.01	0.01	-0.06
	(0.35)	(0.41)	(0.63)	(0.31)	(0.41)	(0.65)
$t = -4$	-0.03	-0.30	-0.04	0.11	-0.32	-0.12
	(0.32)	(0.39)	(0.58)	(0.28)	(0.39)	(0.60)
$t = -3$	-0.05	-0.20	-0.32	0.15	0.17	0.56
	(0.28)	(0.37)	(0.52)	(0.23)	(0.35)	(0.54)
$t = -2$	-0.01	-0.41	-0.34	0.05	0.16	0.27
	(0.21)	(0.34)	(0.41)	(0.17)	(0.30)	(0.43)
$t = 0$	-0.48**	-0.88**	-1.58***	-0.11	0.46	0.51
	(0.20)	(0.36)	(0.43)	(0.18)	(0.32)	(0.44)
$t = 1$	-0.93***	-1.54***	-2.38***	0.18	0.28	0.71
	(0.27)	(0.38)	(0.54)	(0.25)	(0.38)	(0.55)
$t = 2$	-1.37***	-1.39***	-2.76***	0.81***	0.38	1.53**
	(0.31)	(0.42)	(0.60)	(0.29)	(0.41)	(0.62)
$t = 3$	-1.74***	-1.55***	-3.15***	1.10***	0.55	2.09***
	(0.34)	(0.44)	(0.66)	(0.32)	(0.44)	(0.68)
$t = 4$	-2.03***	-2.16***	-4.35***	1.55***	-0.07	2.27***
	(0.36)	(0.46)	(0.70)	(0.34)	(0.45)	(0.72)
$t = 5$	-2.30***	-1.63***	-3.83***	1.84***	0.75	3.85***
	(0.38)	(0.46)	(0.74)	(0.36)	(0.46)	(0.76)
$t = 6$	-2.27***	-2.11***	-4.73***	2.22***	0.42	3.39***
	(0.39)	(0.49)	(0.77)	(0.38)	(0.49)	(0.80)
$t = 7$	-2.47***	-2.06***	-4.78***	2.43***	0.39	4.14***
	(0.41)	(0.49)	(0.80)	(0.39)	(0.50)	(0.83)
$t = 8$	-2.85***	-2.56***	-5.17***	2.45***	0.67	4.29***
	(0.42)	(0.50)	(0.82)	(0.40)	(0.52)	(0.85)
$t = 9$	-2.69***	-2.46***	-5.23***	3.02***	0.61	5.21***
	(0.43)	(0.52)	(0.84)	(0.42)	(0.53)	(0.87)
$t = 10$	-2.68***	-2.37***	-5.20***	2.87***	0.84	5.41***
	(0.43)	(0.52)	(0.86)	(0.43)	(0.54)	(0.89)
$t = 11$	-2.72***	-2.43***	-4.79***	3.02***	0.73	5.23***
	(0.44)	(0.53)	(0.87)	(0.43)	(0.53)	(0.91)
$t = 12$	-3.10***	-1.99***	-5.61***	3.14***	0.48	5.19***
	(0.45)	(0.55)	(0.90)	(0.44)	(0.57)	(0.94)
N	636,000	237,645	622,471	607,750	196,029	602,231

Notes: Each column reports coefficients from a stacked event-study difference-in-differences regression with individual fixed effects, age fixed effects, and filing-month-by-relative-month fixed effects. Standard errors, clustered at the individual level, are in parentheses. The omitted period is $t = -1$. Participation is an indicator for positive registered earnings in the month; coefficients and standard errors are multiplied by 100 (percentage points). Earnings is the log of monthly earnings, defined only for individuals who are salaried employees (wage earners) in all 25 months of the window; coefficients and standard errors are multiplied by 100 (approximate percent changes). Earnings incl. zeros is monthly earnings in SBU, set to zero in months without activity; coefficients and standard errors are divided by the mean of this variable among treated individuals in $t = -12, \ldots, -1$ (1.41 SBU for fathers, 1.04 SBU for mothers) and multiplied by 100, so they read as percent of that mean. For both earnings measures, months flagged as outliers (below the 1st or above the 99th percentile of the national distribution) are excluded rather than top-coded. N is the number of person-month observations. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

C.2.1 From Short-Run to Longer-Run Formal Employment Responses

We begin by extending our primary HH event-study design beyond the twelve-month horizon considered in Section IV. Using the same matching strategy between HH parents and parents in stable households, we estimate separate event-study specifications for horizons ranging from one to ten years after filing. For each horizon, the estimation sample includes treated–control pairs with sufficient administrative follow-up to be observed through that horizon. The sample therefore becomes progressively smaller at longer horizons, as later filing cohorts cannot be observed for the full event window. Each point in Figure C.2 reports the treated–control difference at the end of the corresponding event-study window; the points should therefore be interpreted as estimates from horizon-specific samples rather than as coefficients from a single event study estimated on a fixed sample.

Formal employment



(a) Fathers (b) Mothers

Figure C.2: **Formal employment at longer post-filing horizons.** Each point reports the treated–control difference in formal employment at the indicated horizon from a separate event-study specification. For each horizon, the estimation sample is restricted to treated–control pairs with sufficient administrative follow-up to be observed through the end of that event window. Consequently, longer-horizon estimates are based on progressively earlier filing cohorts and smaller samples. Fathers are shown in the left panel and mothers in the right panel. Coefficients are reported in Table C.4.

Figure C.2 shows that the opposite formal-employment responses of fathers and mothers persist well beyond the first year after filing. For fathers, the formal-employment gap increases from 3.1 p.p. after one year to 3.6 p.p. after two years and 4.9 p.p. after four years. At horizons between five and ten years, the gap remains around 5–6 p.p.. For mothers, the formal-employment difference increases from 3.2 p.p. after one year to 4.7 p.p. after two years and remains around 5 p.p. at longer horizons. Thus, for both fathers and mothers, the short-run formal-employment differences documented in Section IV remain present at substantially longer post-filing horizons.

Because each horizon is estimated on a different sample, these estimates should not

be interpreted as tracing the evolution of a fixed group of parents over ten years. Longer-horizon estimates necessarily rely on progressively earlier filing cohorts. Instead, the exercise establishes that the formal-employment differences observed during the first year are also present in samples that can be followed for substantially longer periods.

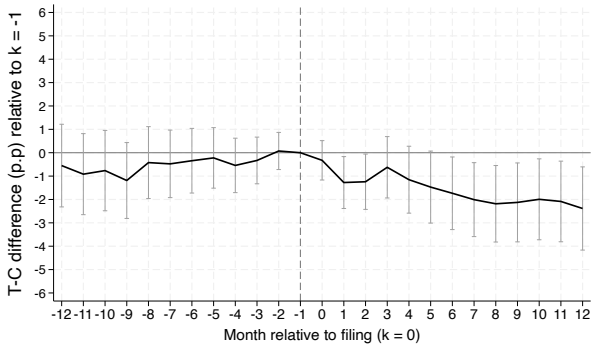
Table C.4: Formal Employment at Longer Post-Filing Horizons

	Sample of fathers		**Sample of mothers**	
Horizon	Estimate	N	Estimate	N
1 year	−3.10***	330,720	3.15***	316,030
	(0.45)		(0.44)	
2 years	−3.56***	313,456	4.68***	299,468
	(0.53)		(0.53)	
3 years	−4.11***	299,442	4.62***	285,974
	(0.58)		(0.58)	
4 years	−4.92***	281,424	4.65***	268,866
	(0.62)		(0.63)	
5 years	−4.97***	266,110	4.97***	254,098
	(0.66)		(0.68)	
6 years	−5.43***	240,760	5.16***	229,918
	(0.71)		(0.74)	
7 years	−6.08***	213,330	5.35***	203,918
	(0.77)		(0.80)	
8 years	−6.02***	185,380	5.74***	177,164
	(0.83)		(0.88)	
9 years	−6.51***	158,678	4.94***	151,762
	(0.92)		(0.96)	
10 years	−6.04***	130,260	5.00***	124,488
	(1.04)		(1.08)	

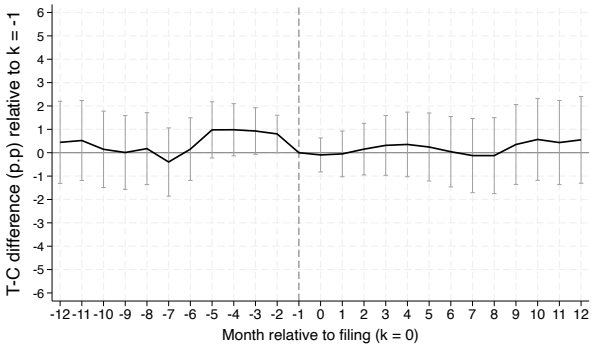
Notes: Each row reports the treated–control difference in formal employment at the indicated post-filing horizon from a separate stacked event-study difference-in-differences regression. Estimates and standard errors, reported in parentheses, are multiplied by 100 and therefore read as p.p. Each specification uses the same matching strategy between HH parents and parents in stable households as in the primary analysis and includes individual fixed effects, age fixed effects, and filing-month-by-relative-month fixed effects. Standard errors are clustered at the individual level. For each horizon, the estimation sample is restricted to treated–control pairs with sufficient administrative follow-up to be observed through the end of the corresponding event window. Consequently, longer-horizon estimates are based on progressively earlier filing cohorts and smaller samples. N reports the number of person-month observations in each horizon-specific regression. The omitted period is the month immediately preceding filing. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

C.3 Complementary Comparisons

Formal employment

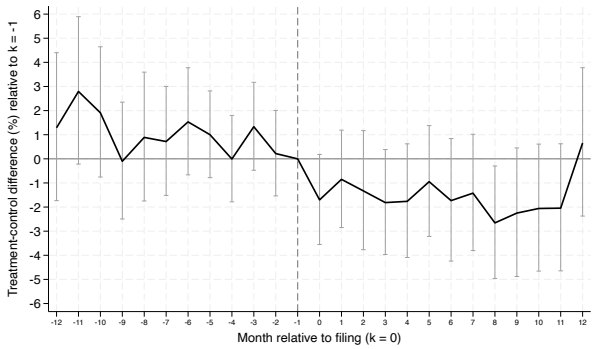


(a) Fathers

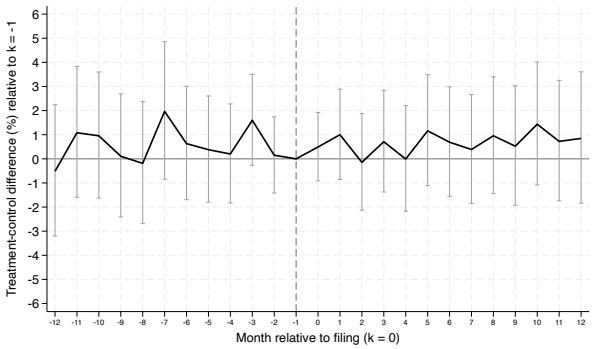


(b) Mothers

Formal earnings, conditional on employment

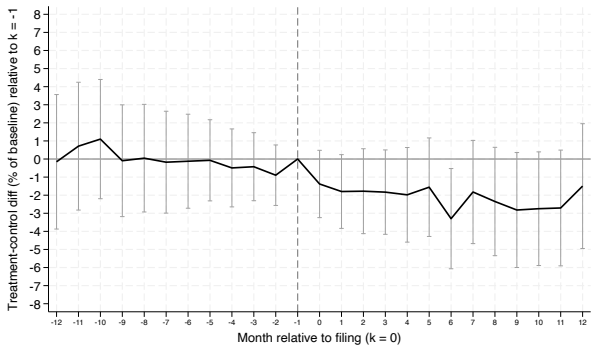


(c) Fathers

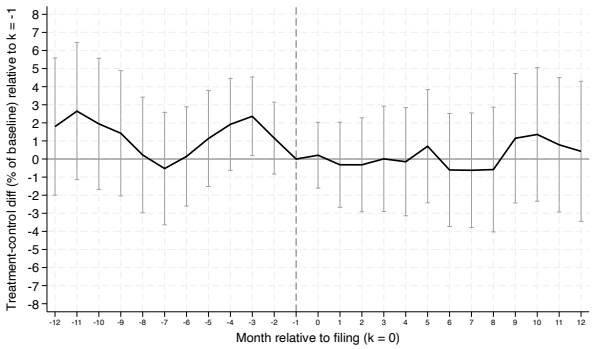


(d) Mothers

Total formal earnings (including zeros for non-participants)



(e) Fathers



(f) Mothers

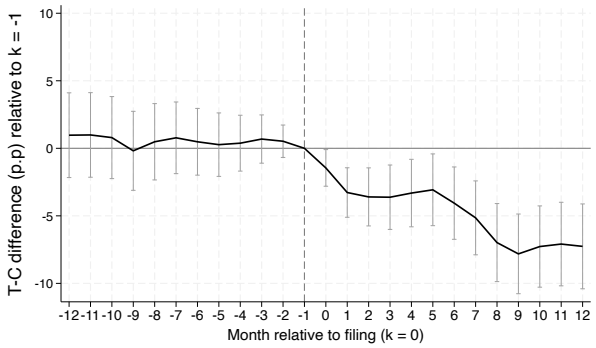
Figure C.3: **Event-study estimates relative to individuals who experience household dissolution without dependent children.** The top row reports estimates for formal employment. The middle row reports estimates for formal labor earnings conditional on formal employment. The bottom row reports estimates for total formal labor earnings, assigning zero earnings to non-participants. Fathers are shown in the left column and mothers in the right column. Coefficients are reported in Table C.5.

Table C.5: HH vs. HH that separate without CS

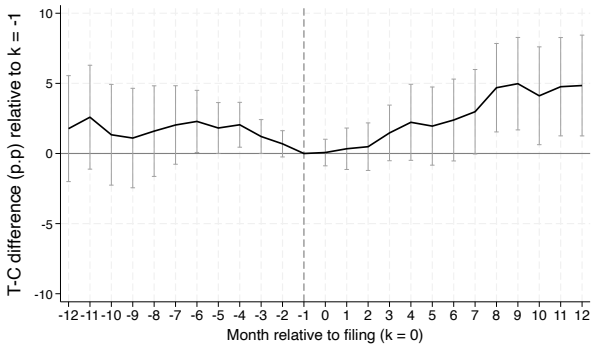
	Sample of fathers			Sample of mothers		
	Participation	Earnings	Earnings incl. zeros	Participation	Earnings	Earnings incl. zeros
$t = -12$	-0.55	1.28	-0.15	0.44	-0.52	1.79
	(0.90)	(1.54)	(1.90)	(0.90)	(1.40)	(1.94)
$t = -11$	-0.92	2.75*	0.71	0.52	1.08	2.65
	(0.88)	(1.52)	(1.80)	(0.87)	(1.37)	(1.93)
$t = -10$	-0.76	1.89	1.10	0.15	0.95	1.94
	(0.88)	(1.35)	(1.68)	(0.83)	(1.32)	(1.85)
$t = -9$	-1.19	-0.10	-0.09	0.01	0.11	1.43
	(0.83)	(1.24)	(1.58)	(0.81)	(1.30)	(1.77)
$t = -8$	-0.42	0.88	0.05	0.17	-0.19	0.22
	(0.78)	(1.35)	(1.52)	(0.78)	(1.29)	(1.63)
$t = -7$	-0.48	0.71	-0.18	-0.40	1.95	-0.53
	(0.74)	(1.14)	(1.44)	(0.74)	(1.43)	(1.59)
$t = -6$	-0.34	1.52	-0.12	0.15	0.63	0.14
	(0.71)	(1.12)	(1.33)	(0.68)	(1.19)	(1.40)
$t = -5$	-0.22	1.00	-0.07	0.98	0.38	1.13
	(0.66)	(0.91)	(1.14)	(0.61)	(1.12)	(1.35)
$t = -4$	-0.54	-0.01	-0.49	0.98*	0.20	1.92
	(0.59)	(0.91)	(1.10)	(0.57)	(1.05)	(1.30)
$t = -3$	-0.33	1.32	-0.43	0.93*	1.59*	2.36**
	(0.51)	(0.92)	(0.96)	(0.51)	(0.95)	(1.11)
$t = -2$	0.07	0.22	-0.89	0.80*	0.15	1.16
	(0.41)	(0.90)	(0.85)	(0.41)	(0.80)	(1.01)
$t = 0$	-0.33	-1.72*	-1.38	-0.09	0.49	0.21
	(0.43)	(0.97)	(0.95)	(0.37)	(0.72)	(0.93)
$t = 1$	-1.28**	-0.85	-1.80*	-0.05	1.00	-0.32
	(0.57)	(1.04)	(1.04)	(0.50)	(0.94)	(1.20)
$t = 2$	-1.24**	-1.34	-1.78	0.15	-0.14	-0.32
	(0.60)	(1.28)	(1.20)	(0.56)	(1.02)	(1.33)
$t = 3$	-0.62	-1.83	-1.83	0.31	0.71	0.01
	(0.67)	(1.13)	(1.19)	(0.65)	(1.07)	(1.49)
$t = 4$	-1.15	-1.78	-1.98	0.35	-0.01	-0.15
	(0.73)	(1.22)	(1.33)	(0.70)	(1.12)	(1.52)
$t = 5$	-1.47*	-0.95	-1.56	0.24	1.15	0.71
	(0.79)	(1.18)	(1.39)	(0.74)	(1.16)	(1.60)
$t = 6$	-1.74**	-1.75	-3.30**	0.04	0.69	-0.61
	(0.79)	(1.32)	(1.41)	(0.77)	(1.15)	(1.59)
$t = 7$	-2.01**	-1.43	-1.82	-0.12	0.39	-0.62
	(0.81)	(1.25)	(1.46)	(0.81)	(1.15)	(1.62)
$t = 8$	-2.18***	-2.69**	-2.35	-0.12	0.95	-0.58
	(0.83)	(1.22)	(1.53)	(0.83)	(1.22)	(1.76)
$t = 9$	-2.13**	-2.28	-2.82*	0.35	0.52	1.15
	(0.86)	(1.39)	(1.62)	(0.87)	(1.26)	(1.82)
$t = 10$	-1.99**	-2.08	-2.75*	0.57	1.43	1.36
	(0.88)	(1.37)	(1.60)	(0.89)	(1.28)	(1.88)
$t = 11$	-2.09**	-2.07	-2.71*	0.44	0.72	0.79
	(0.88)	(1.37)	(1.63)	(0.92)	(1.26)	(1.89)
$t = 12$	-2.39***	0.65	-1.50	0.55	0.84	0.43
	(0.91)	(1.56)	(1.76)	(0.95)	(1.38)	(1.98)
N	357,875	125,020	350,479	343,850	104,104	340,424

Notes: Each column reports coefficients from a stacked event-study difference-in-differences regression with individual fixed effects, age fixed effects, and filing-month-by-relative-month fixed effects. Standard errors, clustered at the individual level, are in parentheses. The omitted period is $t = -1$. Participation is an indicator for positive registered earnings in the month; coefficients and standard errors are multiplied by 100 (percentage points). Earnings is the log of monthly earnings, defined only for individuals who are salaried employees (wage earners) in all 25 months of the window; coefficients and standard errors are multiplied by 100 (approximate percent changes). Earnings incl. zeros is monthly earnings in SBU, set to zero in months without activity; coefficients and standard errors are divided by the mean of this variable among treated individuals in $t = -12, \ldots, -1$ and multiplied by 100, so they read as percent of that mean. For both earnings measures, months flagged as outliers (below the 1st or above the 99th percentile of the national distribution) are excluded rather than top-coded. N is the number of person-month observations. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Formal employment

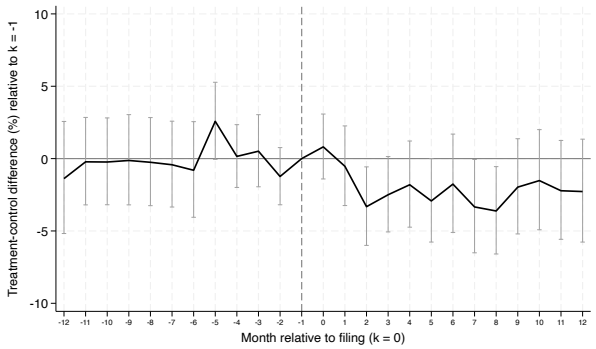


(a) Fathers

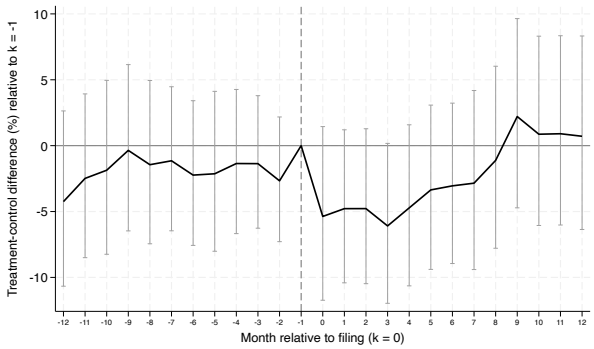


(b) Mothers

Formal earnings, conditional on employment

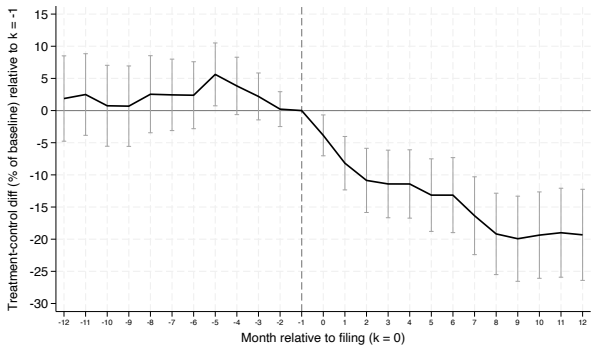


(c) Fathers

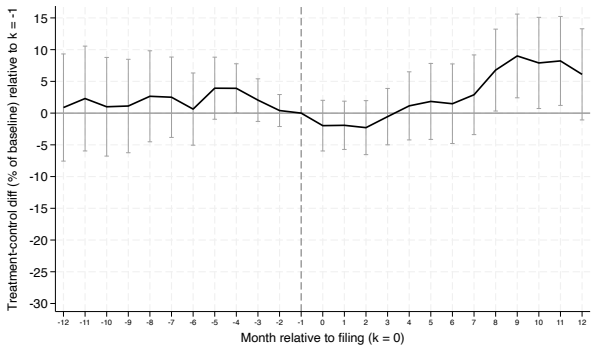


(d) Mothers

Total formal earnings (including zeros for non-participants)



(e) Fathers



(f) Mothers

Figure C.4: **Event-study estimates relative to matched stable first-time parents.** The top row reports estimates for formal employment. The middle row reports estimates for formal labor earnings conditional on formal employment. The bottom row reports estimates for total formal labor earnings, assigning zero earnings to non-participants. Fathers are shown in the left column and mothers in the right column. Coefficients are reported in Table C.6.

Table C.6: Alternative entry into CS: Non-HH

	Sample of fathers			Sample of mothers		
	Participation	Earnings	Earnings incl. zeros	Participation	Earnings	Earnings incl. zeros
$t = -12$	0.97	-1.39	1.87	1.77	-4.34	0.88
	(1.60)	(2.00)	(3.38)	(1.93)	(3.53)	(4.30)
$t = -11$	0.99	-0.22	2.49	2.59	-2.52	2.30
	(1.60)	(1.54)	(3.24)	(1.89)	(3.24)	(4.21)
$t = -10$	0.79	-0.23	0.75	1.34	-1.88	1.00
	(1.55)	(1.53)	(3.21)	(1.83)	(3.42)	(3.96)
$t = -9$	-0.18	-0.13	0.69	1.10	-0.36	1.12
	(1.49)	(1.59)	(3.19)	(1.81)	(3.22)	(3.75)
$t = -8$	0.48	-0.26	2.54	1.60	-1.46	2.65
	(1.44)	(1.55)	(3.06)	(1.65)	(3.20)	(3.66)
$t = -7$	0.78	-0.43	2.44	2.03	-1.15	2.50
	(1.35)	(1.52)	(2.83)	(1.43)	(2.81)	(3.23)
$t = -6$	0.48	-0.81	2.38	2.29**	-2.26	0.63
	(1.26)	(1.70)	(2.65)	(1.13)	(2.86)	(2.90)
$t = -5$	0.27	2.54*	5.62**	1.82**	-2.16	3.93
	(1.20)	(1.32)	(2.49)	(0.92)	(3.15)	(2.49)
$t = -4$	0.38	0.15	3.83*	2.05**	-1.37	3.91**
	(1.05)	(1.10)	(2.28)	(0.82)	(2.82)	(1.97)
$t = -3$	0.69	0.51	2.20	1.21*	-1.37	2.05
	(0.91)	(1.26)	(1.86)	(0.62)	(2.59)	(1.71)
$t = -2$	0.52	-1.24	0.22	0.69	-2.71	0.40
	(0.61)	(1.02)	(1.38)	(0.48)	(2.47)	(1.29)
$t = 0$	-1.45**	0.81	-3.86**	0.07	-5.52	-1.98
	(0.69)	(1.13)	(1.62)	(0.48)	(3.54)	(2.04)
$t = 1$	-3.27***	-0.53	-8.18***	0.34	-4.90	-1.92
	(0.93)	(1.41)	(2.12)	(0.75)	(3.10)	(1.94)
$t = 2$	-3.60***	-3.38**	-10.86***	0.49	-4.89	-2.29
	(1.10)	(1.43)	(2.55)	(0.86)	(3.14)	(2.17)
$t = 3$	-3.62***	-2.53*	-11.41***	1.47	-6.29*	-0.56
	(1.22)	(1.36)	(2.68)	(1.01)	(3.29)	(2.26)
$t = 4$	-3.31***	-1.82	-11.42***	2.22	-4.84	1.14
	(1.27)	(1.54)	(2.71)	(1.38)	(3.26)	(2.74)
$t = 5$	-3.07**	-2.97**	-13.15***	1.95	-3.41	1.84
	(1.35)	(1.51)	(2.88)	(1.42)	(3.28)	(3.05)
$t = 6$	-4.06***	-1.78	-13.15***	2.39	-3.10	1.48
	(1.37)	(1.76)	(2.97)	(1.49)	(3.19)	(3.20)
$t = 7$	-5.15***	-3.40**	-16.35***	2.98*	-2.89	2.89
	(1.40)	(1.70)	(3.09)	(1.54)	(3.56)	(3.20)
$t = 8$	-6.98***	-3.69**	-19.18***	4.69***	-1.13	6.78**
	(1.47)	(1.60)	(3.23)	(1.61)	(3.55)	(3.29)
$t = 9$	-7.82***	-1.99	-19.93***	4.98***	2.19	9.01***
	(1.50)	(1.71)	(3.38)	(1.68)	(3.57)	(3.36)
$t = 10$	-7.27***	-1.53	-19.37***	4.12**	0.87	7.91**
	(1.53)	(1.79)	(3.42)	(1.78)	(3.62)	(3.66)
$t = 11$	-7.09***	-2.25	-18.99***	4.76***	0.90	8.22**
	(1.58)	(1.78)	(3.53)	(1.79)	(3.62)	(3.57)
$t = 12$	-7.26***	-2.30	-19.32***	4.85***	0.71	6.11*
	(1.60)	(1.85)	(3.61)	(1.83)	(3.71)	(3.66)
N	68,175	20,667	67,553	38,325	10,934	38,185

Notes: Each column reports coefficients from a stacked event-study difference-in-differences regression with individual fixed effects, age fixed effects, and filing-month-by-relative-month fixed effects. Standard errors, clustered at the individual level, are in parentheses. The omitted period is $t = -1$. Participation is an indicator for positive registered earnings in the month; coefficients and standard errors are multiplied by 100 (percentage points). Earnings is the log of monthly earnings, defined only for individuals who are salaried employees (wage earners) in all 25 months of the window; coefficients and standard errors are multiplied by 100 (approximate percent changes). Earnings incl. zeros is monthly earnings in SBU, set to zero in months without activity; coefficients and standard errors are divided by the mean of this variable among treated individuals in $t = -12, \ldots, -1$ and multiplied by 100, so they read as percent of that mean. For both earnings measures, months flagged as outliers (below the 1st or above the 99th percentile of the national distribution) are excluded rather than top-coded. N is the number of person-month observations. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

C.4 Informal Employment, Unemployment, and Inactivity

Table C.7: labor market Adjustment After Entry into the child support System

	Formal	Informal	Unemployed	Inactive
	(1)	(2)	(3)	(4)
Panel A. Fathers				
Treated	−0.031***	0.003	0.017***	0.012***
	(0.006)	(0.006)	(0.003)	(0.002)
Obs.	23,753	23,753	23,753	23,753
Panel B. Mothers				
Treated	0.050***	0.044***	0.004	−0.098***
	(0.006)	(0.005)	(0.004)	(0.005)
Obs.	22,781	22,781	22,781	22,781

Notes: The table reports the coefficient on the treatment indicator from Equation (4) for the matched stable-household comparison, separately for fathers and mothers. Individuals are classified as inactive, unemployed, or employed using the 2022 Population Census. Among employed individuals, columns (1) and (2) classify formal and informal employment using self-reported social-security contribution status in the Census. All specifications control for age, the elapsed time between the reference event and the Census interview, the number of months of formal employment prior to the event, and the mean wage, modal employer type, and modal employment sector over the 12 months preceding the event. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C.8: labor market Adjustment by Pre-Event Formal-Employment Status

	labor market status			
	Formal	Informal	Unemployed	Inactive
	(1)	(2)	(3)	(4)
Panel A. Fathers				
Treated: Pre-event non-formal	0.023**	−0.060***	0.018***	0.019***
	(0.010)	(0.010)	(0.005)	(0.005)
Treated: Pre-event formal	−0.063***	0.041***	0.016***	0.007***
	(0.007)	(0.006)	(0.003)	(0.002)
Difference	−0.086***	0.100***	−0.002	−0.013**
	(0.012)	(0.012)	(0.005)	(0.006)
Obs.	23,753	23,753	23,753	23,753
Panel B. Mothers				
Treated: Pre-event non-formal	0.100***	0.057***	0.004	−0.161***
	(0.008)	(0.009)	(0.006)	(0.008)
Treated: Pre-event formal	0.008	0.029***	0.003	−0.040***
	(0.008)	(0.006)	(0.004)	(0.005)
Difference	−0.091***	−0.028**	−0.001	0.121***
	(0.011)	(0.011)	(0.007)	(0.010)
Obs.	22,781	22,781	22,781	22,781

Notes: The table reports estimates of Equation (5) for the matched stable-household comparison, separately for fathers and mothers. "Pre-event formal" indicates that the individual was formally employed three months before the reference event. The first row of each panel reports the treated–control difference among individuals who were not formally employed three months before the event (β), while the second row reports the corresponding difference among individuals who were formally employed ($\beta + \delta$). The third row reports the difference between these two estimates (δ). labor market status is measured using the 2022 Population Census. Individuals are classified into four mutually exclusive and exhaustive states: inactive, unemployed, formally employed, or informally employed. Among employed individuals, formal and informal employment are distinguished using self-reported social-security contribution status in the Census. All four outcomes are defined over the same estimation sample. All specifications control for age, the elapsed time between the reference event and the Census interview, the number of months of formal employment prior to the event, and the mean wage, modal employer type, and modal employment sector over the 12 months preceding the event. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C.9: labor market Adjustment After Entry into the child support System (no CS Control)

	Formal	Informal	Unemployed	Inactive
	(1)	(2)	(3)	(4)
Panel A. Fathers				
Treated	−0.002	0.027*	0.005	−0.030***
	(0.016)	(0.016)	(0.008)	(0.011)
Obs.	12,749	12,749	12,749	12,749
Panel B. Mothers				
Treated	0.014	0.005	0.015*	−0.033***
	(0.014)	(0.014)	(0.008)	(0.012)
Obs.	12,456	12,456	12,456	12,456

Notes: As in Table 4, but using an unmatched comparison group: household dissolutions without dependent children, taken directly from the administrative registry without covariate matching. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C.10: labor market Adjustment by Pre-Event Formal-Employment Status (no CS Control)

	labor market status			
	Formal	Informal	Unemployed	Inactive
	(1)	(2)	(3)	(4)
Panel A. Fathers				
Treated: Pre-event non-formal	−0.049***	0.087**	−0.005	−0.034
	(0.007)	(0.039)	(0.018)	(0.036)
Treated: Pre-event formal	0.009	0.014	0.007	−0.030***
	(0.019)	(0.018)	(0.009)	(0.011)
Difference	0.058***	−0.073*	0.012	0.004
	(0.019)	(0.042)	(0.020)	(0.038)
Obs.	12,749	12,749	12,749	12,749
Panel B. Mothers				
Treated: Pre-event non-formal	−0.038***	−0.013	0.056***	−0.005
	(0.007)	(0.038)	(0.021)	(0.036)
Treated: Pre-event formal	0.025	0.008	0.006	−0.039***
	(0.016)	(0.015)	(0.009)	(0.012)
Difference	0.063***	0.021	−0.050**	−0.035
	(0.017)	(0.040)	(0.022)	(0.038)
Obs.	12,456	12,456	12,456	12,456

Notes: As in Table 5, but using the unmatched no CS control group described in Table C.9. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C.11: labor market Adjustment After Entry into the child support System (Non-HH Matching)

	Formal	Informal	Unemployed	Inactive
	(1)	(2)	(3)	(4)
Panel A. Fathers				
Treated	−0.103***	0.056***	0.031***	0.016**
	(0.019)	(0.020)	(0.010)	(0.008)
Obs.	2,143	2,143	2,143	2,143
Panel B. Mothers				
Treated	0.031	0.039*	0.035**	−0.104***
	(0.021)	(0.022)	(0.017)	(0.019)
Obs.	1,585	1,585	1,585	1,585

Notes: As in Table 4, but using the non-household-based matched comparison sample. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C.12: labor market Adjustment by Pre-Event Formal-Employment Status (Non-HH Matching)

	labor market status			
	Formal	Informal	Unemployed	Inactive
	(1)	(2)	(3)	(4)
Panel A. Fathers				
Treated: Pre-event non-formal	−0.073***	0.035	0.014	0.023*
	(0.027)	(0.030)	(0.016)	(0.014)
Treated: Pre-event formal	−0.136***	0.079***	0.047***	0.010
	(0.027)	(0.025)	(0.013)	(0.007)
Difference	−0.063*	0.044	0.033	−0.013
	(0.038)	(0.040)	(0.021)	(0.015)
Obs.	2,143	2,143	2,143	2,143
Panel B. Mothers				
Treated: Pre-event non-formal	0.046*	0.059*	0.041	−0.146***
	(0.027)	(0.034)	(0.026)	(0.031)
Treated: Pre-event formal	0.014	0.013	0.027	−0.053***
	(0.032)	(0.025)	(0.020)	(0.018)
Difference	−0.032	−0.047	−0.014	0.093***
	(0.042)	(0.042)	(0.033)	(0.036)
Obs.	1,585	1,585	1,585	1,585

Notes: As in Table 5, but using the non-household-based matched comparison sample described in Table C.11. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

D Model

This appendix complements Section VI. Appendix D.1 presents the complete model and its solution, Appendix D.2 presents the details of the estimation, and Appendix D.3 presents additional results.

D.1 Full Model

D.1.1 Environment

The economy is populated by a continuum of couples with mass one, who share a household at the beginning of the first period. As in our HH sample (Section III), couples may be married or cohabiting, and we refer to the end of the union as *separation*. A couple consists of a woman indexed by f and a man indexed by m. Couples live for two periods, $t = 1, 2$, and discount the future at $0 < \delta \leq 1$.

Types. Each individual $j \in \{f, m\}$ belongs to one of three observable types $g_j \in \mathcal{G} = \{L, M, H\}$, defined by education: L is up to basic education, M is secondary education, and H is tertiary education. Each couple belongs to one of nine *types of couples* $k = (g_m, g_f) \in \mathcal{K} = \mathcal{G}^2$, with mass $\nu_k \geq 0$ and $\sum_k \nu_k = 1$. Types enter the model in exactly three ways: they determine (i) the distribution of potential formal earnings, (ii) the distribution of the informal-earnings multipliers, and (iii) the reference cost of a child (equations (D.1), (D.2), and (D.3) below). Types do not affect preferences: the distributions of tastes for informal work and specialization, the value of children, the share of the payment valued by the father, and the match-quality shock are common to all couples, with tastes for informal work differing only by gender. Differences across types in sectors, fertility, and separation therefore arise from differences in earnings opportunities and in the cost of children, not from different preferences. Types also organize some of the moments used in estimation (Appendix D.2.2). They play no role in the child support system, the moments from the child support records, or the event-study evidence.

Timing. In period 1, while together, couples jointly choose their employment sectors and whether to have children. Fertility is irreversible and chosen once in period 1, denoted by $q \in \{0, 1\}$, where $q = 1$ means the couple has children. The man works in the formal or informal sector, $s_m \; in \{F, I\}$. The woman can work in the formal or informal sector, or not be employed, and specialize in home production, $s_f \in \{F, I, N\}$.

At the beginning of period 2, a match-quality shock θ is realized, and the couple decides whether to separate. Couples who stay together keep their period-1 sector decisions. Couples

who separate and have children enter the child support system. Separated individuals work, so $s \in \{F, I\}$ after separation. This assumption reflects the evidence in Section V: separation moves mothers out of inactivity, and among fathers who were formally employed before separation, the formal-employment gap is mostly reflected in higher informal employment rather than in unemployment or inactivity. We also assume that informal employment is an absorbing state: an individual who works informally in period 1 continues to work informally in period 2, whether or not the couple separates. The sector choice after separation is therefore relevant for men who were formally employed while together and for women, whether formally employed or not.

There is no saving, borrowing, or re-partnering, and no uncertainty after period 1 other than θ and the payment state $\psi \sim U[0, 1]$, which determines payment compliance (Appendix D.1.3). The payment state is realized and revealed to both parents only after separation: when they choose sectors and fertility in period 1 and when they decide whether to separate, couples know only its distribution. The child support system is known before the period-1 decisions. Table D.1 summarizes the timing of the model.

Table D.1: Timing of a couple's decisions

	Period 1, together	Period 2, together	Period 2, separated
Decisions	Sector of each partner and fertility	None: sectors and fertility persist	Payment state ψ is revealed; the father chooses sector and, if there are children, pays the share of his obligation; the mother chooses sector and receives payment
Resources	Earnings of both partners minus the cost of children	Earnings of both partners minus the cost of children	Each parent's own earnings: father's net of the child support payment, mother's plus the payment and net of the cost of children
Shock		Match quality θ realized; separation if both partners prefer it, given the expected value of separation over ψ	

Earnings. Potential formal earnings of individual $j \in \{f, m\}$ of type g_j in period $t = 1, 2$ are

$$\ln w_{jt}^F = \ln \bar{w}_{jt}(g_j) - \sigma_{jt}^2/2 + \sigma_{jt}\,\epsilon_j \tag{D.1}$$

where $\epsilon_j \sim N(0,1)$ is an idiosyncratic productivity shock, so that $\bar{w}_{jt}(g)$ is the mean potential formal earnings of type g in period t. The same ϵ_j applies in both periods, so individuals keep their position in the earnings distribution, and the two partners' draws are independent. Individuals are older in period 2, so $\bar{w}_{j2}(g)$ and σ_{j2} differ from their period-1 counterparts.

Formal earnings equal potential formal earnings; there is no choice of hours, and everyone employed works full time. Informal earnings are proportional to potential formal earnings through a person-specific multiplier $\mu_j > 0$,

$$\ln \mu_j = \ln \bar{\mu}_j(g_j) + \sigma_{\mu j}(g_j)\,\epsilon_j^{\mu} \qquad \epsilon_j^{\mu} \sim N(0,1) \tag{D.2}$$

where $\bar{\mu}_j(g)$ is the median multiplier of type g and $\sigma_{\mu j}(g)$ is the dispersion of its logarithm. The multiplier is drawn independently of earnings and tastes and is fixed across periods, so informal earnings are $\mu_j w_{jt}^F$. Because μ_j is not bounded above by 1, informal earnings can exceed formal earnings for some individuals. A woman who is not employed has no earnings. Period-1 earnings are therefore

$$w_{f1}(s) = \begin{cases} w_{f1}^F & s = F \\ \mu_f w_{f1}^F & s = I \\ 0 & s = N \end{cases} \qquad w_{m1}(s) = \begin{cases} w_{m1}^F & s = F \\ \mu_m w_{m1}^F & s = I \end{cases}$$

The cost of children. A couple that has children spends a known amount C_t on them in each period. This cost varies across types of couples and periods, but not with realized earnings or sectors:

$$C_t(k) = \chi_q\big[\bar{w}_{ft}(g_f) + \bar{w}_{mt}(g_m)\big] \qquad \chi_q > 0 \qquad t \in \{1, 2\} \tag{D.3}$$

where χ_q is the fixed share of the mean potential formal earnings of the couple's type that children cost. While the couple is together, the cost is paid from household resources. After separation, the cost is paid by the mother; as per Section II, we assume the mother is always the resident parent. There is no trade-off between children's consumption and parental time, so the cost does not depend on whether the mother is employed.

Preferences. Each individual has a permanent taste for informal work η_j, drawn from a distribution that depends on gender but not on type,

$$\eta_j \sim N\big(\bar{\eta}_j, \sigma^2_{\eta j}\big) \qquad \phi_j(s) = \eta_j \mathbb{1}\{s = I\} \tag{D.4}$$

draws are independent across partners and of earnings and multipliers. The taste is a non-pecuniary value expressed in consumption-equivalent units and can be positive or negative; it is not income and cannot finance consumption or child support. It captures the residual attractiveness of informal work, such as flexibility, working conditions, or barriers to formal employment, that are not otherwise modeled. Because it is permanent, it does not change with separation: a father who moves into informal employment after separation does so because separation changes his budget, not because of his tastes.

The household also has a taste for female specialization, drawn from a common distribution,

$$B_i = \bar{B} + \sigma_B \, \epsilon_i^B \qquad \epsilon_i^B \sim N(0,1) \tag{D.5}$$

If $B_i > 0$, children increase the value of the woman not being employed; if $B_i < 0$, they increase the cost of the woman not being employed. Conditional on the woman's sector, fertility, and B_i, the value of the woman's specialization is $B(s_{f1}, q; B_i) = (1+\beta_B q)\, B_i \mathbb{1}\{s_{f1} = N\}$, with $\beta_B \geq 0$.

Let $a = (s_{f1}, s_{m1}, q) \in \mathcal{A} = \{F, I, N\} \times \{F, I\} \times \{0, 1\}$ denote a period-1 *bundle*: the woman's sector, the man's sector, and fertility. The non-pecuniary benefits and costs of bundle a are

$$A_j(a) = \phi_j(s_{j1}) + B(s_{f1}, q; B_i) \tag{D.6}$$

While together, the monetary budget is $c_f + c_m = w_{f1}(s_{f1}) + w_{m1}(s_{m1}) - qC_1$ with $c_f, c_m \geq 0$, and flow utilities are

$$u_j^M(a, c_j) = \Gamma(q) + \ln\big[c_j + A_j(a)\big] \qquad \Gamma(q) = \ln(1 + \gamma_q q), \quad \gamma_q > -1 \tag{D.7}$$

where the superscript M refers to the shared household (M represents "married") and $\Gamma(q)$ is the utility of raising children together. In period 2, the match-quality shock $\theta \sim N(0, \sigma^2_\theta)$, common to both partners and independent of everything else, enters additively: $u^M_{j2} = \bar{u}^M_{j2} + \theta$, where $\bar{u}^M_{j2}$ is the flow utility without the shock.

After separation (D as "divorce"), each parent's utility is the logarithm of effective con-

sumption. The father's effective consumption is given by

$$x_m(s) = w_m^D(s) - (1-\varsigma)\, T_s + \eta_m \mathbb{1}\{s = I\} \tag{D.8}$$

The mother's is

$$x_f = c_f + \eta_f \mathbb{1}\{s = I\} \tag{D.9}$$

where c_f is her monetary consumption and s her sector after separation. Children matter through the resources they require and the payments they trigger after separation. The mother treats the payment as a resource. The father values a share $\varsigma \in [0, 1)$ of the payment; with $\varsigma = 0$, he treats it as a pure cost. Feasibility applies to monetary consumption.

Each household is characterized by a *state* drawn once and for all before period 1, and summarized by $\xi = (k, \epsilon_f, \epsilon_m, \epsilon_f^\mu, \epsilon_m^\mu, \eta_f, \eta_m, B_i)$. Given the types, its components are mutually independent and independent across households. Both partners observe ξ before choosing the period-1 bundle. The match-quality shock θ and the payment state ψ are independent of each other and of ξ.

D.1.2 Allocation within the couple

Let r denote a child support system, defined by how obligations are determined and enforced. At the beginning of period 1, the household evaluates each feasible bundle a under r, computes the lifetime value $V^r(a; \xi)$ of the partners' utilities under that bundle, and chooses the bundle with the highest value. Selection into F, I, and N is therefore endogenous and governed by the whole household problem.

Conditional on a bundle a, the couple allocates resources while together according to a weighted-utility rule with fixed weight $\lambda \in (0, 1)$ on the woman, which does not depend on the realization of the match-quality shock. In each period t, letting $Y_t(a)$ denote monetary resources net of the cost of children, the couple solves

$$\max_{c_f, c_m \geq 0} \lambda \ln\big(c_f + A_f(a)\big) + (1-\lambda) \ln\big(c_m + A_m(a)\big) \quad \text{s.t.} \quad c_f + c_m = Y_t(a)$$

Writing $\widetilde{Y}_t(a) = Y_t(a) + A_f(a) + A_m(a)$, the optimal allocations are

$$c_{ft}^M(a) = \min\big\{Y_t(a), \max\{0, \lambda \widetilde{Y}_t(a) - A_f(a)\}\big\} \tag{D.10}$$

$$c_{mt}^M(a) = Y_t(a) - c_{ft}^M(a) \tag{D.11}$$

where $Y_1(a) = w_{f1}(s_{f1}) + w_{m1}(s_{m1}) - qC_1$. If the couple remains together in period 2, sector

decisions persist, and they cannot have more children; earnings and the cost of children are updated to reflect the life cycle, and the same rule applies to $Y_2(a)$. The resulting utilities while together for spouse j, before the match-quality shock, are

$$u_{j1}^M(a) = \Gamma(q) + \ln\left(c_{j1}^M(a) + A_j(a)\right), \qquad \bar{u}_{j2}^M(a) = \Gamma(q) + \ln\left(c_{j2}^M(a) + A_j(a)\right)$$

A bundle is feasible if, in both periods, $Y_t(a) \geq 0$ and $c_{jt}^M(a) + A_j(a) > 0$ for both partners. The set of feasible bundles is household-specific, conditional on ξ, and denoted by $\mathcal{A}(\xi)$.

D.1.3 Separated parents and the child support system

After separation, parents no longer cooperate and make individual decisions, taking the child support system, r, as given.

Obligations and payments. A child-support system r specifies, for a father in sector s after separation, a monthly obligation $P_s^r(q)$, with $P_s^r(0) = 0$, and payment compliance $\pi_{s,\psi}^r \in [0,1]$, defined as the fraction of scheduled monthly payments made during period 2, given the payment state $\psi \in [0,1]$. For a given sector, compliance is weakly increasing in ψ. Both depend on the father's sector after separation, which corresponds to his formal-employment status at the hearing in Section 4. As in Ecuador's system, the obligation is determined once and is not adjusted to subsequent changes in his earnings (Section II). Since period 2 represents the entire post-separation stage, the average monthly payment received by the mother is

$$T_s^r(q,\psi) = \pi_{s,\psi}^r \, P_s^r(q) \tag{D.12}$$

and the payment under system r and bundle a is $T^r(a,\psi) = T^r_{s_m^{*,r}(a,\psi)}(q,\psi)$, where $s_m^{*,r}(a,\psi)$ is the father's chosen sector. Payments cannot exceed the obligation; there is no external subsidy, and payments cannot be financed with non-pecuniary tastes or with negative consumption.

Why determination and enforcement are separate. The total amount a father owes and the amount he actually pays are determined at different steps. The court sets the amount at the hearing, based on the income it can document; whether the amount is then paid depends on enforcement, and only formal earnings can be withheld at the source (Section II). Fathers formally employed at the time of the hearing have higher obligations, conditional on pre-filing earnings, and make a greater share of scheduled monthly payments (Section 4). The observed gap in payment compliance persists after conditioning on the obligation relative to

prior earnings and on case duration (Appendix D.3.3). We therefore let each feature depend on the father's sector through its own parameters: ω for determination and the payment rules for enforcement. The model simplifies by assuming that the payment compliance at a given value of ψ is independent of the amount of the obligation.

Determination. The system sets the obligation of a father who was formally employed in period 1 as

$$P_F = S\big(w_{m2}^F\big) \qquad P_I = S\big((1-\omega)\,\underline{w} + \omega\, w_{m2}^F\big) \tag{D.13}$$

Formal earnings are observed by the court through the administrative records. Informal earnings are not, and because the burden of proving the father's income lies with the mother, earnings she cannot document are only partly reflected in the obligation. With $\omega > 0$, the court recovers part of his earnings capacity, for example through testimony, declarations, or his formal-earnings history. For a father who was informally employed in period 1, there is no formal-earnings history from which to infer, and his income is imputed at the minimum wage: $P_I^r(q \mid s_{m1} = I) = q\, S(\underline{w})$.

Payment state and enforcement. The idiosyncratic payment state ψ summarizes circumstances affecting payment, including ability to pay, willingness to pay, and enforcement conditions. The model does not distinguish among these sources. We assume that it is uniformly distributed on $[0,1]$, independent of earnings opportunities and of the amount of the obligation, and that it is revealed to both parents after separation but before the father chooses his sector. The same realization of the payment state applies to both sectors, but it translates into sector-specific shares paid, so a father keeps his payment state if he changes sector. Payment is therefore not modeled as a decision. The share paid in sector s is

$$\pi_{s,\psi} = \begin{cases} 0, & \psi < a_s, \\ p_s, & a_s \le \psi < b_s, \\ 1, & \psi \ge b_s, \end{cases} \qquad s \in \{F, I\} \tag{D.14}$$

where a_s is the value of ψ below which the father makes no scheduled monthly payments, b_s the value from which he makes all scheduled monthly payments, and $p_s \in [0,1]$ the fraction of scheduled monthly payments made in between. The representation imposes an ordering assumption: for a given ψ, the payment compliance is weakly higher in formal employment, $\pi_{F,\psi} \ge \pi_{I,\psi}$, which we guarantee by parametrizing $a_I = a_F + d_A(1-a_F)$, $b_F = a_F + w_F(1-a_F)$, $b_I = \max\{b_F, a_I\} + d_B\,(1-\max\{b_F, a_I\})$, and $p_I = r_I p_F$, with $(a_F, d_A, w_F, d_B, p_F, r_I) \in [0,1]^6$.

This does not imply that a formal father makes a larger average monthly payment, because P_F and P_I can differ in either direction. Because the rules are step functions of ψ with at most four thresholds, compliance in both sectors is constant on at most five intervals of ψ, which the numerical solution uses to compute integrals over ψ as finite sums. Because fathers choose their sector after observing ψ, the average payment compliance by fathers observed in each sector need not equal the shares implied by the rules before selection. The rules are estimated to reproduce the payment records (Appendix D.2.1).

The father's problem. A father who was formally employed in period 1 and separates chooses his period-2 sector taking the child support system r as given and knowing the payment state ψ. Given (a, r, ψ), his monetary consumption in sector s is $c^{D,r}_{m,s}(a,\psi) = w^D_m(s) - T^r_s(q,\psi)$, and his effective consumption $x^{D,r}_{m,s}(a,\psi)$ is given by equation (D.8). His problem is

$$v^{D,r}_m(a,\psi) = \max_{s \in \mathcal{S}^r_m(a,\psi)} \ln x^{D,r}_{m,s}(a,\psi) \tag{D.15}$$

where, because informal employment is absorbing, his available sectors are $\Sigma_m(F) = \{F, I\}$ and $\Sigma_m(I) = \{I\}$, and his feasible set is $\mathcal{S}^r_m(a,\psi) = \{s \in \Sigma_m(s_{m1}) : c^{D,r}_{m,s}(a,\psi) > 0,\ x^{D,r}_{m,s}(a,\psi) > 0\}$. If this set is empty, separation is infeasible in that state. Ties are resolved in favor of F; this rule is part of the solution because the father's choice determines the payment, and, therefore, the mother's value of separation. His problem does not depend on the mother's payoff.

The mother's problem. The mother takes the payment as given and, if she was formally employed or not employed in period 1, chooses between formal and informal employment. If she was not employed in period 1, her potential earnings in both sectors depreciate by the factor $\mathcal{H} = \exp[-\zeta_f \mathbb{1}\{s_{f1} = N\}]$, with $\zeta_f \geq 0$, which captures the loss of labor market experience:

$$w^D_f(F \mid s_{f1}) = \mathcal{H}\, w^F_{f2}, \qquad w^D_f(I \mid s_{f1}) = \mathcal{H}\, \mu_f w^F_{f2} \tag{D.16}$$

Her monetary consumption in sector s is $c^{D,r}_{f,s}(a,\psi) = w^D_f(s \mid s_{f1}) + T^r(a,\psi) - qC_2$, and her effective consumption is given by equation (D.9). Her feasible set and value are

(D.17)

$$\mathcal{S}^r_f(a,\psi) = \left\{s \in \Sigma(s_{f1}) : c^{D,r}_{f,s}(a,\psi) > 0,\ x^{D,r}_{f,s}(a,\psi) > 0\right\} \qquad v^{D,r}_f(a,\psi) = \max_{s \in \mathcal{S}^r_f(a,\psi)} \ln x^{D,r}_{f,s}(a,\psi)$$

where $\Sigma(F) = \Sigma(N) = \{F, I\}$ and $\Sigma(I) = \{I\}$. Ties are resolved in favor of F. Because the father's objective does not depend on her choice, the post-separation problem is solved sequentially. At the chosen sectors, the total budget constraint of separated parents is

$$c_m^{D,r} + c_f^{D,r} + qC_2 = w_m^D(s_m^{*,r}) + w_f^D(s_f^{*,r} \mid s_{f1}) \tag{D.18}$$

so child support redistributes resources between parents and can change total earnings through sector choices, but it is not an additional source of resources. That a separated mother cannot remain out of employment is a restriction of the model, suggested by the evidence in Section V, not one of its predictions.

D.1.4 The separation decision and the household's problem

The separation decision and the household's period-1 problem are given by equations (10)–(13) in Section 1, with the flow utilities while together, $u_{j1}^M(a)$ and $\bar{u}_{j2}^M(a)$, defined in Appendix D.1.2, and the values after separation, $v_j^{D,r}(a, \psi)$, defined in equations (D.15) and (D.17). We set $v_j^{D,r}(a, \psi) = -\infty$ if parent j has no feasible sector in state ψ, so separation is ruled out for a household whenever, in some payment state with positive probability, either parent has no feasible sector. The separation rule is a reduced-form representation of mutual consent rather than a model of marital bargaining.

How the child support system affects behavior. The system affects behavior only through the parents' values of separation. A child support system r determines each parent's value after separation, $v_f^{D,r}$ and $v_m^{D,r}$. These values determine the separation threshold τ^r and the household's lifetime value V^r, which in turn determine the period-1 bundle $a^{*,r}$ that the couple chooses. So, although child support is paid only after separation, it also affects sector and fertility choices made while the couple is together. For a father who was formally employed in period 1, the sector choice after separation follows the condition

$$\underbrace{\mu_m w_{m2}^F + \eta_m - w_{m2}^F}_{\text{earnings and taste}} + (1-\varsigma)\Big[\underbrace{\pi_{F,\psi}(P_F - P_I)}_{\text{determination}} + \underbrace{(\pi_{F,\psi} - \pi_{I,\psi})P_I}_{\text{enforcement}}\Big] > 0. \tag{D.19}$$

The wedge varies with ψ: where both shares are zero, the wedge vanishes; where both shares are one, only determination remains; both features operate where the two rules differ, and only determination operates where they coincide. Because ς scales the wedge, it lowers the father's response without changing what mothers receive in each sector. It also enters the value of separation: after separation, the payment reduces the father's effective consumption by only a share $1 - \varsigma$ of its amount, while increasing the mother's by the full amount.

D.1.5 Equilibrium

Couples do not interact with one another, since there is no marriage market and no prices to clear. An equilibrium is therefore a set of household and individual decision rules that are optimal at every decision node, given the child support system and the rules that apply at later nodes. Write a child support system as $r = \{P_s^r(q), \pi_{s,\psi}^r\}_{s\in\{F,I\},\,\psi\in[0,1]}$.

Definition 2 (Equilibrium)**.** Given a child support system r, an equilibrium consists of a period-1 bundle $a^{*,r}(\xi) = \big(s_{f1}^{*,r}(\xi), s_{m1}^{*,r}(\xi), q^{*,r}(\xi)\big)$ for each household state ξ; allocations within the couple $c_{jt}^M(a)$, for $j \in \{f, m\}$ and $t \in \{1, 2\}$; a separation rule $D^r(a, \theta) \in \{0, 1\}$; sector rules after separation, $s_m^{*,r}(a, \psi)$ and $s_f^{*,r}(a, \psi)$, and the payment received by the mother, $T^r(a, \psi)$; such that, for every ξ, every $a \in \mathcal{A}(\xi)$, every $\psi \in [0, 1]$, and every $\theta \in \mathbb{R}$:

(1) *Allocation within the couple.* In each period t, $\big(c_{ft}^M(a), c_{mt}^M(a)\big)$ solves the weighted-utility problem of Appendix D.1.2 and is given by equation (D.11).

(2) *Father's sector.* If $\mathcal{S}_m^r(a, \psi) \neq \emptyset$, $s_m^{*,r}(a, \psi)$ solves problem (D.15), with ties resolved in favor of F.

(3) *Payment.* The payment is the one implied by the father's choice: $T^r(a, \psi) = T^r_{s_m^{*,r}(a,\psi)}(q, \psi)$, with $T_s^r(q, \psi)$ given by equation (D.12).

(4) *Mother's sector.* Taking $T^r(a, \psi)$ as given, if $\mathcal{S}_f^r(a, \psi) \neq \emptyset$, $s_f^{*,r}(a, \psi)$ solves problem (D.17), with ties resolved in favor of F.

(5) *Separation.* The values after separation, $v_j^{D,r}(a, \psi)$, are those attained under (2)–(4), with $v_j^{D,r}(a, \psi) = -\infty$ if parent j has no feasible sector in state ψ. The expected values $\bar{v}_j^{D,r}(a)$ are given by equation (10), and $D^r(a, \theta) = \mathbb{1}\{\theta \leq \tau^r(a)\}$, with $\tau^r(a)$ given by equation (11). If $\bar{v}_j^{D,r}(a) = -\infty$ for some j, then $\tau^r(a) = -\infty$ and the couple does not separate.

(6) *Period-1 choice.* $a^{*,r}(\xi) \in \arg\max_{a\in\mathcal{A}(\xi)} V^r(a; \xi)$, where $V^r(a; \xi) = \lambda V_f^r(a; \xi) + (1 - \lambda)V_m^r(a; \xi)$ and $V_j^r(a; \xi)$ is given by equation (13), or equivalently by equation (D.20), evaluated at rules (1)–(5). Ties are resolved by a fixed ordering of bundles.

How the child support system enters. The system r enters the equilibrium only through conditions (2)–(5), that is, through the values of separation. Conditions (1) and (6) take these values as given, so the household's period-1 choice anticipates both the child support rules and each parent's response after separation. Population outcomes under r are integrals of the equilibrium rules over the distributions of ξ, θ, and ψ (Appendix D.1.6).

Counterfactual equilibria. Each alternative rule in Section 3 defines a different system r. When all choices respond (Table 7), we compute the full equilibrium in Definition 2 under r. When choices before separation are held fixed (Table 6), we fix $a^{*,b}(\xi)$ and the separation probability $d^b\big(a^{*,b}(\xi)\big)$ of the current system b and recompute only conditions (2)–(4) under r.

D.1.6 Solution algorithm

We compute the equilibrium in Definition 2 household by household, by backward induction. Write $V^r(a;\xi) = \lambda V_f^r(a;\xi) + (1-\lambda)V_m^r(a;\xi)$. When separation is feasible, let $z = \tau^r(a)/\sigma_\theta$. Integrating over θ gives each partner's lifetime value:

$$V_j^r(a;\xi) = u_{j1}^M(a) + \delta\left[(1-\Phi(z))\bar{u}_{j2}^M(a) + \Phi(z)\bar{v}_j^{D,r}(a) + \sigma_\theta\varphi(z)\right] \tag{D.20}$$

where φ is the standard normal density. The final term follows from $\mathbb{E}_\theta[\theta\mathbb{1}\{\theta > \tau^r(a)\}] = \sigma_\theta\varphi(z)$. When separation is infeasible, the couple remains together and $V_j^r(a;\xi) = u_{j1}^M(a) + \delta\bar{u}_{j2}^M(a)$.

For each household state ξ and each bundle $a \in \mathcal{A}$, we:

1. compute the allocations within the couple in both periods and check feasibility (Appendix D.1.2);
2. for each interval of ψ on which both shares are constant, solve the father's and then the mother's post-separation problems under system r (Appendix D.1.3);
3. integrate the post-separation values over ψ, a finite sum over those intervals weighted by their lengths, to obtain the expected values of separation (10);
4. compute the thresholds (11), the probability of separation (12), and the value (D.20);

and then choose the bundle with the highest value, resolving ties by a fixed ordering of bundles. A solution always exists: the bundle $(F, F, 0)$ has positive resources and no non-pecuniary terms, so the feasible set is never empty, and the maximization is over a finite set. The expectation over ψ is a finite sum and the integral over θ has the closed form above. The household state ξ has continuous components, and we approximate model statistics with a large simulated population of households drawn from its distribution.

The reported population objects are $Q^r = \mathbb{E}[q^{*,r}]$, $\mathcal{D}^r = \mathbb{E}[d^r(a^{*,r})]$, the shares of each sector pair (s_{m1}, s_{f1}), and, for men formally employed in period 1, the share who would

choose informal employment if they separated, weighted by the probability of separation,

$$\mathcal{F}_q^r = \frac{\mathbb{E}\Big[d^r(a^{*,r})\,\mathbb{1}\{q^{*,r}=q,\ s_{m1}^{*,r}=F\}\int_0^1 \mathbb{1}\{s_m^{*,r}(a^{*,r},\psi)=I\}\,d\psi\Big]}{\mathbb{E}\big[d^r(a^{*,r})\,\mathbb{1}\{q^{*,r}=q,\ s_{m1}^{*,r}=F\}\big]} \qquad q\in\{0,1\}$$

defined when the denominator is positive. The moment on the response of initially formal fathers is $\mathcal{F}_1^b$.

D.2 Estimation

D.2.1 Directly observed inputs

Couples. We estimate the model on couples observed while they share a household, the population from which separating parents in our household sample originate. Using the 2022 Census, we select young couples in which the household head and the head's spouse or cohabiting partner are of opposite sex, the head is male, and both are 22–30 years old. Both marriages and consensual unions are included. The sample comprises 176,051 couples. Children are the couple's own co-resident children; a couple with none is coded $q = 0$. From this sample, we compute the distribution of types of couples ν_k, the joint distribution of the partners' sectors (the six pairs FF, FI, FN, IF, II, IN, with the man's sector first) by type of couple, and the share of couples without children by sector pair.

The aggregate probability of separation, 17 percent, is based on vital statistics. It is the synthetic-cohort cumulative probability of divorce over the first 19 years of marriage, computed from the 2022 marriage and divorce statistics as divorces by marriage duration over the size of the corresponding marriage cohorts.

Child support records. The obligation gap and the difference in the average payment compliance between fathers who are and are not formally employed at the hearing come from the court and payment records analyzed in Section 4. The obligation gap in column (2) of Table 3: among fathers formally employed as wage earners before filing, the difference in the obligation per child between fathers who are and are not formally employed at the hearing, conditional on pre-filing earnings deciles, the number of children, and hearing year. Relative to the mean obligation, this gap is $0.132/0.579 = 0.228$, or 22.8 percent. The difference in the average payment compliance between fathers who are and are not formally employed at the hearing (column (4) of Table 3), conditional on the same controls, is 0.172, or 17.2 p.p.. We target this adjusted difference because its model counterpart is estimated with the same type of controls (Appendix D.2.2).

We estimate the payment rules of Appendix D.1.3 to reproduce the shares of fathers who make none or all of their scheduled monthly payments, and the mean payment compliance by those who make some, but not all, scheduled payments, by sector at the hearing, in the payment records. Table D.2 reports the groups and their counterparts in the model. The group of fathers who were formally employed before filing and still are at the hearing is not a target, because it is included in the group of all fathers formally employed at the hearing; the aggregate distribution of formal fathers is the counterpart of the only formal group the model allows. The model objects are the shares of fathers with children who choose each sector after separation, weighted by the probability of separation and over the payment state. Mean payment compliance among those who make some, but not all, scheduled monthly payments, have as model counterparts p_F and p_I, which are estimated jointly with the other parameters. Table D.3 reports the estimated rules.

Table D.2: Payment moments: groups in the payment records and counterparts in the model

Panel A. Share of fathers who make no or all scheduled monthly payments (%)

Group in the records	No payments made	All payments made	Counterpart in the model
All fathers formally employed at the hearing	13.4	54.3	F while together who choose F after separation
Formally employed before filing, not formally employed at the hearing	21.3	37.1	F while together who choose I after separation
All fathers not formally employed at the hearing	24.0	39.6	All fathers who choose I after separation
Not a target: formally employed before filing and at the hearing	9.3	58.9	Included in the first group

Panel B. Mean payment compliance among fathers with intermediate compliance (%)

	Data	Model counterpart
Formally employed fathers	58.6	p_F
Fathers not formally employed	49.9	p_I

Notes: Payment compliance is defined as the number of scheduled monthly payments made divided by the number of months with an active child support obligation, measured from the hearing through December 2024. Panel A reports the shares of fathers with zero or full compliance, while Panel B reports mean compliance among fathers with intermediate compliance. The model counterparts are weighted by the probability of separation and over the payment state ψ. Table D.9 reports the model values.

Response of initially formal fathers. The Census estimates in Section V indicate that separating fathers who were formally employed before separation are 5.0 p.p. more likely

Table D.3: Payment rules of the current system, estimated to reproduce the payment records

	Formal	Informal
Value of ψ below which nothing is paid, a_s	0.14	0.22
Value of ψ from which everything is paid, b_s	0.46	0.56
Intermediate payment compliance, p_s	0.58	0.50

to be informally employed than comparable fathers in stable households. In the model, initially formal fathers remain formal if the couple stays together, so we target the share $\mathcal{F}_1^b$ of formally employed fathers with children who choose informal employment after separation, weighted by the probability of separation (Appendix D.1.6), at 0.050. The comparison is approximate: the model and the empirical analysis differ in population and horizon.

Earnings. Using ENEMDU, we measure monthly earnings as the hourly wage times 160 hours, and express them in monthly minimum wages. [12] Potential formal earnings by gender and type are obtained from a Mincer regression of log hourly wages on type indicators, potential experience, city, and quarter, estimated on formal workers and predicted for the entire population in the relevant age range, including informal workers and individuals who are not employed. Period 1 corresponds to ages 22–30, the ages of the Census couples, and period 2 to ages 31–55, the ages of parents in our household sample. The dispersion σ_{jt} combines the within-type variance of predicted log earnings with the residual variance of the regression. The dispersion of the informal multiplier, $\sigma_{\mu j}(g)$, is computed from the interquartile range of the log change in hourly earnings among workers observed moving from formal to informal employment between ENEMDU interviews (Appendix A.1). Table D.4 reports these inputs.

[12] We pool the survey years with available wages and remove year effects, normalized to have a weighted mean of zero, so that earnings are expressed in minimum wages of an average period.

Table D.4: Inputs set outside the model, by type

Panel A. Potential formal earnings: mean $\bar{w}_{jt}(g)$ and log dispersion σ_{jt}

	Women, $t=1$	Women, $t=2$	Men, $t=1$	Men, $t=2$
L	0.82	0.85	1.14	1.18
M	1.14	1.25	1.24	1.46
H	1.65	2.42	1.62	2.37
σ_{jt}	0.59	0.67	0.50	0.55

Panel B. Dispersion of the informal multiplier, $\sigma_{\mu j}(g)$

	L	M	H
Women	0.83	0.69	0.56
Men	0.43	0.47	0.51

Other parameters. We set the weight of the woman in the household problem to $\lambda = 0.5$, the discount factor to $\delta = 1$, and the depreciation of a woman not employed in period 1 to $\zeta_f = 0.15$. The determination rates α follow the statutory schedule (Table D.5).

Table D.5: child support determination schedule of the current system

Monthly income (minimum wages)	≤ 1.25	$(1.25, 3]$	$(3, 4]$	$(4, 6.5]$	$(6.5, 9]$	> 9
Determination rate α	0.362	0.418	0.408	0.422	0.436	0.451

Notes: The rates are the minimum child support rates of the MIES tables, averaged over the observed distribution of the number of children per case in our data.

From the evidence to the model. Table D.6 summarizes how the model maps into the institutional setting and the empirical evidence.

Table D.6: From the evidence to the model

Evidence	Model	Parameter
Panel A. Inputs set outside the model		
Statutory schedule (Section II)	$S(w) = \alpha(w)\, w$	$\alpha(\cdot)$ (Table D.5)
Formal and informal earnings overlap (Appendix A.1)	Informal earnings μw^F, with μ possibly above one	$\sigma_{\mu j}(g)$ (Table D.4)
Panel B. Targeted moments and estimated parameters		
Obligations 23% higher if formal at the hearing (Table 3, col. 2); bunching at one minimum wage (Figure **??**)	Informal obligation set on a mix of the minimum wage and formal earnings capacity	ω
Payment compliance 17.2 pp higher if formal at the hearing, shares paying nothing and everything, and the mean payment compliance by those who make some, but not all, scheduled monthly payments, by sector at the hearing (Table 3)	Payment rules by sector (Table D.3)	a_s, b_s, p_s
Initially formal fathers 5.0 pp more likely to be informal after separation (Table 5)	Share of initially formal fathers who move into informal work	ς
Sectors and childlessness of young couples (Census); informal-to-formal earnings ratios (ENEMDU); separation probability (vital statistics)	Sector, fertility, and separation choices	$\bar{\mu}_j(g)$, η, B, γ_q, χ_q, σ_θ

D.2.2 Method and identification

We estimate the remaining 24 parameters within the model:

- the means and dispersions of the normal distributions of the taste for informal work η for women, $\{\bar{\eta}_f, \sigma_{\eta f}\}$, and for men, $\{\bar{\eta}_m, \sigma_{\eta m}\}$;
- the mean value of the distribution for the taste for female specialization, $\bar{B}$, the importance of the shock ϵ_i^B, σ_B, and the value of her specialization when they have children and she is out of the labor force, β_B;
- the value of children when the couple is together γ_q, and their fixed share cost χ_q;
- the dispersion of the match-quality shock, σ_θ;
- the median multiplier of potential formal earnings by types and gender, $\bar{\mu}_j(g)$ for $j \in \{f, m\}$ and $g \in \mathcal{G}$;

- the share of the payment valued by the father, ς;
- the share ω of the father's formal earnings capacity that determination recovers when he works informally, and the six parameters of the payment rules by sector, $(a_F, d_A, w_F, d_B, p_F, r_I)$, which determine a_s, b_s, and p_s.

Identification. Although the parameters are estimated jointly, each block of moments is particularly informative about a subset of them. The discussion is heuristic and does not establish formal identification.

Earnings opportunities and tastes for informal work. Potential formal earnings are set outside the model, so what remains to be recovered is the attractiveness of informal work $A_j(a)$, which, according to equation (D.6), combines informal earnings opportunities ($\bar{\mu}_j(g)$) and non-pecuniary tastes ($\bar{\eta}_j$, $\sigma_{\eta j}$). The model allows us to disentangle each parameter as follows. First, tastes for informal work are common across types, whereas informal earnings opportunities vary by type. Differences across types in the shares of sector pairs therefore inform the type-specific multipliers, while the overall level and dispersion of informal employment inform the common tastes. Comparing couples in which the man's type is fixed but the woman's varies, and vice versa, separates the partners' opportunities. Second, the ratio of mean informal to mean formal earnings by gender and type responds differently to the two. A higher median multiplier directly raises informal earnings, whereas tastes affect the observed ratio only through the selection into informal employment.

Specialization and children. The share of couples in which the woman is not employed (FN and IN) informs $\bar{B}$ and σ_B. The shares of couples without children across sector pairs inform the values of γ_q and χ_q. Because children raise the value of specialization only when the woman is not employed, the difference in fertility between couples in which she works and those in which she does not informs β_B.

The child support system. We estimate the same specifications in Section 4 in the model to calibrate the obligation gap and the gap in payment compliance. The obligation gap informs ω: the less of a father's formal earnings capacity the court recovers when he works informally, the lower his informal obligation and the larger the gap. The gap in payment compliance and the shares of fathers who pay nothing and everything, by sector, inform the payment rules: the difference between a_I and a_F governs how much more often informal fathers pay nothing, and the difference between b_F and b_I how much less often they pay everything. Because fathers choose their sector after observing ψ, these shares are informative about the rules only once the composition of payment states across sectors is accounted for, which the model does.[13]

[13] We restrict the simulated sample to fathers who were formally employed in period 1 and have children,

The share of the payment valued. The share of initially formal fathers who move into informal employment after separation informs ς. Given earnings opportunities, tastes, and the child-support system, this parameter governs how strongly differences in payments affect sector choices. When informal employment reduces the payment, a higher ς makes that reduction less valuable to the father, weakening the incentive to leave formal employment.

Separation. Given the values of staying together and separating implied by the other parameters, we discipline the dispersion of the match-quality shock, σ_θ, which determines how often both partners prefer to separate, using the aggregate probability of separation.

In total, we target 78 moments: 54 shares of sector pairs by couple type, six earnings ratios, six shares of couples without children by sector pair, the aggregate probability of separation, the two moments from the child-support records, the response of initially formal fathers, six shares of fathers who make none or all of their scheduled monthly payments, and the mean payment compliance among those with intermediate compliance.

The method of simulated moments. We estimate the parameter vector Θ by the method of simulated moments (McFadden, 1989). For any Θ, we solve the model for a simulated population of households and compute the vector of simulated moments $m^{sim}(\Theta)$ with data counterpart m^{data}. Household draws are generated once and reused across parameter vectors. We solve

$$\hat{\Theta} = \arg\min_{\Theta} \left[m^{sim}(\Theta) - m^{data}\right]' \mathcal{V} \left[m^{sim}(\Theta) - m^{data}\right] \tag{D.21}$$

where $\mathcal{V}$ is a diagonal weighting matrix.[14]

the counterpart of fathers formally employed before filing. We regress the obligation of the chosen sector after separation on an indicator of choosing formal employment, the counterpart of formal-employment status at the hearing, controlling for deciles of potential formal earnings, the counterpart of pre-filing earnings deciles. We stack one observation per household and interval of ψ on which both shares are constant, weighted by the length of the interval and the probability of separation, and divide the coefficient by the weighted mean obligation. The gap in payment compliance is the coefficient on the same indicator, with the same controls and weights, in a regression of the payment compliance in the chosen sector. The shares of fathers who pay nothing and everything use the same weights, without controls.

[14]The weights give each block of moments a total weight of one: each of the six shares of couples without children receives weight 1/6; each of the 54 shares of sector pairs by type receives weight $\nu_k/6$, so that each type counts in proportion to its mass; the aggregate probability of separation has weight one; each of the two moments from the child-support records and the response of initially formal fathers forms its own block with weight one, the six shares of fathers who make none or all of their scheduled monthly payments form a block with weight one, and the two mean payment compliance moments among fathers with intermediate compliance form another. These blocks come from the 2022 Census, national vital statistics (both full administrative counts rather than samples), and judicial records; their weights reflect the relative importance of the blocks. The six earnings ratios come from ENEMDU, a household survey, and are weighted by the inverse of the delta-method sampling variance of the ratio, treating the two sector subsamples within each cell as independent, and normalized so that the block totals sum to 1.

D.2.3 Estimates and fit

Table D.7 presents the estimates of the parameters common to all types, and Table D.8 those that vary by type. The tastes for informal work and for specialization have low dispersion, so differences across sectors among couples of the same type come mainly from earnings opportunities and the informal multiplier. The median informal multipliers are below 1 for all types and genders: at the median, informal earnings fall short of formal earnings, but the dispersion of the multipliers implies that a substantial share of workers would earn as much or more informally, as in the ENEMDU transitions. Figure D.1 plots the formal and informal earnings distributions implied by the estimates.

Table D.7: Estimated parameters common to all types

Mean taste for informal work, women, $\bar{\eta}_f$	0.85
Dispersion of the taste, women, $\sigma_{\eta f}$	0.10
Mean taste for informal work, men, $\bar{\eta}_m$	0.41
Dispersion of the taste, men, $\sigma_{\eta m}$	0.10
Mean value of specialization, $\bar{B}$	0.82
Dispersion of the specialization taste, σ_B	0.01
Amplification of the specialization taste by children, β_B	0.09
Value of children while together, γ_q	0.14
Cost of children, χ_q	0.12
Dispersion of the match-quality shock, σ_θ	0.51
Share of the payment valued by the father, ς	0.59
Share of formal earnings capacity recovered in determination, ω	0.52

Notes: The payment rules are reported in Table D.3.

Table D.8: Estimated parameters that vary by type

	L	M	H
Median informal multiplier, women, $\bar{\mu}_f(g)$	0.64	0.50	0.45
Median informal multiplier, men, $\bar{\mu}_m(g)$	0.78	0.69	0.47

Notes: The multipliers decline across types for both genders, so the earnings cost of moving into informal employment is highest for the H type.

Fit. Table D.9 shows that the model reproduces the response of initially formal fathers, the two moments from the child-support records, the shares of fathers who pay nothing and everything, the aggregate probability of separation, and the shares of couples without

children for most sector pairs. The largest discrepancy is for couples in which the man is formally employed, and the woman is not employed (FN), where the model understates the share without children by 2.8 p.p.. The model also matches the ratio of mean informal to mean formal earnings (Table D.10). Across the 54 shares of sector pairs by type of couple (Table D.11), the correlation between the model and the data is 0.86, the mean absolute difference is 4.9 p.p. (3.4 when each cell is weighted by the mass of its type), and 69 percent of the cells are within 5 p.p.. Table D.12 reports aggregate sector and fertility patterns implied by these targets.

Table D.9: Targeted moments

Panel A. Response of initially formal fathers and moments from the child-support records

	Data	Model
Informal-employment response among initially formal fathers (pp)	5.0	5.2
Obligation gap, formal vs. not formal at the hearing (coefficient / mean, %)	22.8	23.5
Payment-compliance gap, formal vs. not formal at the hearing (pp)	17.2	17.1

Panel B. Probability of separation

	Data	Model
Cumulative probability of separation (%)	17.0	17.2

Panel C. Payment records: shares of fathers who pay nothing and everything (%)

	No payments made		All payments made	
	Data	Model	Data	Model
All fathers, formal at the hearing	13.4	14.9	54.3	53.3
Formal before filing, not formal at the hearing	21.3	23.1	37.1	32.5
All fathers, not formal at the hearing	24.0	21.7	39.6	43.5

Panel D. Mean payment compliance among fathers with intermediate compliance (%)

	Data	Model
Formal fathers, p_F	58.6	58.4
Informal fathers, p_I	49.9	49.9

Panel E. Share of couples without children, by sector pair (%)

Sector pair (man, woman)	FF	FI	FN	IF	II	IN
Data	31.0	23.0	13.0	25.0	22.0	12.0
Model	30.1	23.2	10.2	25.6	22.4	14.1

Notes: In the data, the response of initially formal fathers is the difference in the probability of informal employment relative to stable households; in the model, it is the share of initially formal fathers with children who choose informal employment after separation, since those who remain together keep their sector.

Table D.10: Targeted moments: ratio of mean I to mean F monthly earnings, ages 22–30, by gender and type

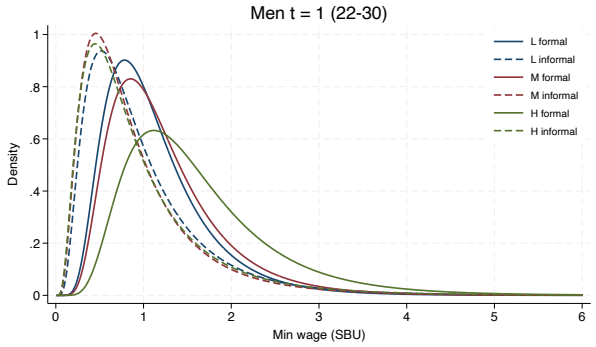
	Women			Men		
	L	*M*	*H*	*L*	*M*	*H*
Data	0.844	0.708	0.651	0.693	0.732	0.729
Model	0.794	0.712	0.645	0.715	0.724	0.714

Table D.11: Targeted moments: distribution of sector pairs by type of couple (data / model, %)

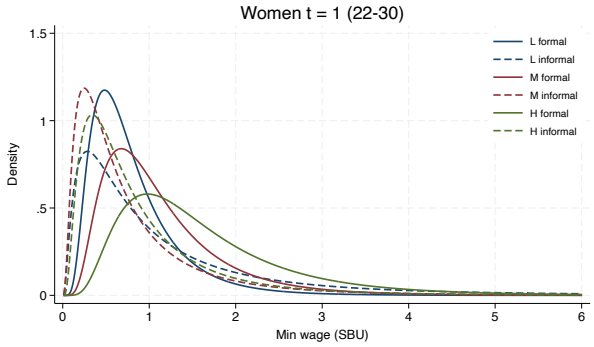
Man	Woman	Mass ν_k (%)	*FF*	*FI*	*FN*	*IF*	*II*	*IN*
L	L	7.9	2.8 / 1.1	2.6 / 4.7	17.6 / 23.6	3.1 / 2.7	16.6 / 17.9	57.3 / 50.0
L	M	10.7	3.5 / 2.8	2.9 / 6.6	21.0 / 21.0	3.7 / 8.2	13.8 / 14.4	55.2 / 47.0
L	H	1.0	8.6 / 9.0	5.4 / 3.7	22.1 / 11.2	9.8 / 27.1	14.2 / 16.5	39.9 / 32.4
M	L	6.0	4.0 / 1.3	4.5 / 9.1	25.0 / 32.0	3.0 / 1.8	15.8 / 15.4	47.8 / 40.4
M	M	39.9	7.6 / 4.6	6.6 / 8.7	31.9 / 29.4	3.9 / 7.0	13.2 / 12.1	36.8 / 38.2
M	H	10.5	17.0 / 13.9	9.2 / 8.4	30.9 / 17.6	8.2 / 21.3	11.5 / 14.2	23.3 / 24.6
H	L	0.4	5.4 / 3.0	12.4 / 13.4	36.3 / 67.2	2.4 / 0.0	14.5 / 1.5	29.0 / 14.9
H	M	6.4	13.1 / 9.6	15.2 / 16.6	36.1 / 50.6	3.9 / 3.5	12.6 / 5.2	19.1 / 14.5
H	H	17.3	33.5 / 26.8	12.7 / 16.0	25.0 / 33.3	7.8 / 8.2	10.0 / 5.7	11.0 / 10.0

Notes: Each row sums to 100 in the data and in the model.

Period $t = 1$

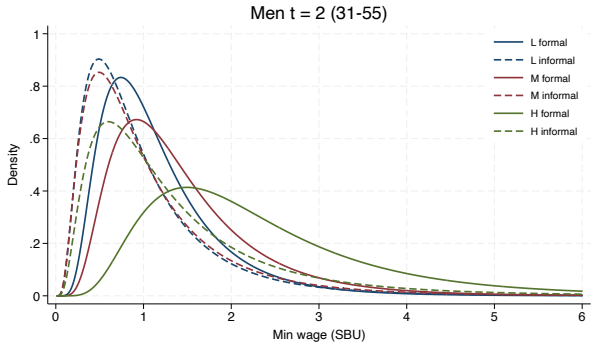


(a) Men

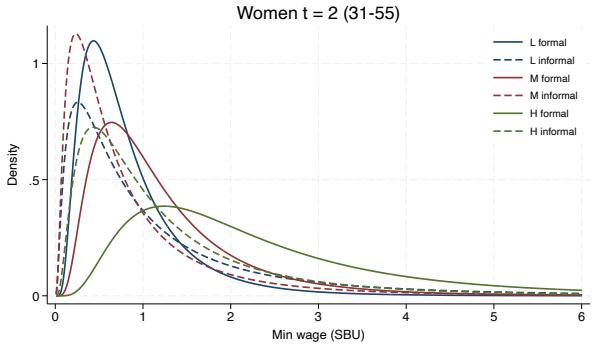


(b) Women

Period $t = 2$



(c) Men



(d) Women

Figure D.1: Formal and informal earnings distributions implied by the estimated model.

Table D.12 reports aggregate statistics that do not enter the objective but are implied by targeted moments. Panel A aggregates the targeted joint distribution of sector pairs by couple type. Panel B combines that distribution with the targeted shares of couples without children by sector pair. These statistics summarize how the targeted blocks fit together; they are not independent tests of the model.

Table D.12: Statistics implied by the targeted moments

Panel A. Sectors, implied by the targeted joint distribution: data / model (%)

Sector pair	FF, FI	FN, IF	II, IN
Share of couples	12.4, 7.7 / 9.0, 9.9	28.1, 4.9 / 28.9, 8.1	12.9, 34.0 / 11.8, 32.4
	F	I	N
Women, type L	6.4 / 3.5	19.9 / 23.2	73.7 / 73.3
Women, type M	11.3 / 11.7	20.1 / 21.0	68.5 / 67.4
Women, type H	34.6 / 35.1	21.9 / 22.0	43.5 / 42.9
	F		I
Men, type L	26.0 / 29.7		74.0 / 70.3
Men, type M	46.8 / 42.1		53.2 / 57.9
Men, type H	69.1 / 76.4		30.9 / 23.6

Panel B. Fertility

	Data	Model
Probability of having children, woman not employed (%)	87.5	87.7
Probability of having children, woman employed (%)	74.8	75.0
Share of couples without children (%)	17.4	17.2

D.3 Additional Results

D.3.1 Incentives under the current system

Two features of the estimated economy are important for interpreting the model's predictions. First, informal employment is an economically relevant alternative to formal work: among men, average informal earnings are about 72 percent of average formal earnings, so the model does not generate transitions into informal employment by assigning it negligible earnings. Second, because informal employment is an absorbing state and the taste for informal work is permanent, a father who was formally employed while together moves into informal employment after separation only if the separation changes the relative return between sectors.

Table D.13 reports sector choices after separation under the current system. Among fathers who are formally employed while together and have children, 5.2 percent would choose informal employment if they were to separate, which is a targeted moment. Among formally employed men without children, who separate without entering the child-support system, the share is 0.00 percent. This contrast is the model counterpart of the comparison

in Section 3.1. The two groups differ in more than exposure to child support: in the model, they are selected by the endogenous choice of fertility and may differ in earnings, tastes, partners, and the probability of separation. The contribution of the child-support system is instead measured by the counterfactuals in Section 3, which compare the same households with and without each feature. With $\varsigma = 0$ and the other parameters at their estimates, the share of initially formal fathers with children who would work informally after separation would be 14.3 percent.

Table D.13: Sector choices after separation under the current system, among men formally employed while together

	With children	Without children
Formally employed men who would choose informal employment if they separated, weighted by the probability of separation (%)	5.17	0.00
Formally employed men who would choose informal employment if they separated, unweighted (%)	6.47	0.00
Probability of separation (%)	15.8	23.8

D.3.2 Child-support payments and the cost of children

Table D.14 compares the payments mothers receive under the current system with the cost of children they bear after separation. Although the average payment exceeds the average cost (0.497 versus 0.370 minimum wages), 41.2 percent of separated mothers with children receive less than the cost. Among these mothers, the shortfall covered by their own earnings averages 0.232 minimum wages. When $\psi < 0.14$, no payment is made and mothers bear the entire cost; these states account for 14.3 percent of cases. Even when $\psi \geq 0.56$ and fathers pay their obligations in full, 8.3 percent of mothers receive less than the cost of children.

Table D.14: Child-support payment and cost of the child after separation, by payment state

Payment state ψ	Probability (%)	Payment	Payment below the cost (%)	Mother's contribution
$[0.00, 0.14)$	14.3	0.000	100.0	0.370
$[0.14, 0.22)$	7.3	0.298	61.4	0.291
$[0.22, 0.46)$	24.8	0.406	56.8	0.136
$[0.46, 0.56)$	9.4	0.605	49.7	0.144
$[0.56, 1.00]$	44.2	0.718	8.3	0.104
All	100.0	0.497	41.2	0.232

Notes: Current system, separated parents with children, weighted by their probability of separation and by the length of each interval of ψ. The payment is the child-support payment received by the mother. The cost of the child, C_2, is 0.370 in every state because it does not depend on the payment state, which is revealed after the couple separates; the mother bears it after separation. "Payment below the cost" is the percentage of mothers whose payment is lower than the cost of the child, and "Mother's contribution" is the average amount by which the cost exceeds the payment among them. Amounts are in monthly minimum wages.

D.3.3 Compliance and the size of the obligation

Table D.15 supports treating determination and enforcement as separate features of the system (Appendix D.1.3). Among fathers who were formally employed before filing, those who are still formally employed at the hearing have higher payment compliance than those who are not, across all terciles of prior earnings and in all three samples. The gap falls somewhat when we compare fathers with similar obligations relative to their prior earnings (column 2) and with similar case durations (column 3), but it remains positive and statistically different from zero at the 5 percent level in every case. These are conditional associations, not causal effects: the burden depends on the obligation, which in turn depends on the father's sector, and the model's assumption that payment compliance does not depend on the obligation amount is a simplification. The counterfactuals that equalize payment compliance across sectors are benchmarks within the model, not estimates of the effect of a specific intervention.

Table D.15: Gap in the payment compliance between fathers formally and not formally employed at the hearing

	(1) Basic controls	(2) + Burden	(3) + Burden and duration	Observations
Panel A. Matched household sample				
Bottom tercile	0.185	0.186	0.175	1,516
	(0.028)	(0.028)	(0.028)	
Middle tercile	0.200	0.184	0.166	1,527
	(0.036)	(0.036)	(0.037)	
Top tercile	0.134	0.114	0.099	1,512
	(0.039)	(0.039)	(0.039)	
Panel B. Household sample				
Bottom tercile	0.176	0.177	0.169	4,627
	(0.015)	(0.015)	(0.015)	
Middle tercile	0.231	0.208	0.200	4,675
	(0.019)	(0.020)	(0.020)	
Top tercile	0.137	0.115	0.102	4,628
	(0.021)	(0.021)	(0.021)	
Panel C. All fathers				
Bottom tercile	0.186	0.186	0.178	10,320
	(0.010)	(0.010)	(0.010)	
Middle tercile	0.213	0.200	0.188	10,364
	(0.012)	(0.012)	(0.012)	
Top tercile	0.149	0.128	0.121	10,331
	(0.014)	(0.014)	(0.014)	

Notes: Each entry is the coefficient on formal employment at the hearing in a regression of the payment compliance, estimated separately within each tercile of the father's earnings before filing; robust standard errors in parentheses. The sample is fathers who were formally employed as wage earners before filing and have an observed hearing. Payment compliance is defined as the number of scheduled monthly payments made divided by the number of months with an active child support obligation, measured from the hearing through December 2024. The terciles are computed within each sample. Column (1) includes fixed effects for the number of dependents, the age of the youngest child, and the year of the hearing. Column (2) adds fixed effects for the tercile of the burden, defined as the obligation divided by earnings before filing. Column (3) also adds fixed effects for the year the case started and the number of months from the start of the procedure to the hearing. The number of observations is the same in the three columns.

D.3.4 Robustness to the targeted response

Table D.16 reports the main results when the model targets a response of 3.87 p.p. instead of 5.0. This target applies to the 5.0 percentage-point reallocation of the share of fathers' decline in formal employment that persists when they are compared with individuals who separate without dependent children (2.4 of 3.1 p.p.; Section 3.1), under the assumption that the same share of the reallocation toward informal employment is tied to child support. The model yields a lower response with a larger share of the payment attributed to fathers ($\hat{\varsigma} = 0.70$ instead of 0.59), and the fit of the other moments is essentially unchanged. The sector differences in child support have a smaller total effect, but the ranking of enforcement and determination is the same in both estimations, and removing both differences brings the share of fathers who work informally back to its level without child support when choices before separation are fixed.

Table D.16: Robustness to the targeted response of initially formal fathers

	Target 5.0 pp		Target 3.87 pp	
	Fathers who work informally (%)	Average payment	Fathers who work informally (%)	Average payment
Panel A. Estimates and fit				
Share of the payment valued by the father, ς	0.59		0.70	
Share of formal earnings capacity recovered in determination, ω	0.52		0.54	
Value of ψ below which informal fathers pay nothing, a_I	0.22		0.22	
Dispersion of the match-quality shock, σ_θ	0.51		0.47	
Targeted response of initially formal fathers (%)	5.0		3.87	
Model response (%)	5.2		3.7	
Panel B. Choices before separation fixed				
Current system	5.2	0.701	3.7	0.711
(b) Sector-neutral determination	3.3	0.710	2.5	0.716
(c) Sector-neutral enforcement	3.0	0.712	2.2	0.718
(d) Both sector-neutral	1.1	0.718	1.0	0.722
(e) No child support	1.2	0.000	1.1	0.000
Accounted for by determination (pp)	1.9		1.2	
Accounted for by enforcement (pp)	2.2		1.5	
Total (pp)	4.1		2.7	

Notes: Two independent estimations of the model, one targeting a response of 5.0 p.p. and the other 3.87. In Panel B, the population is separated into parents with children in which the father was formally employed while together; "Fathers who work informally" is the percentage of these fathers who work informally after separation, and the average payment is the payment received by the mother, in monthly minimum wages, weighted by the probability of separation. The decomposition averages the two orders in which the two features can be removed. All other details are as in Table 6.

D.3.5 Additional counterfactual results

Fathers who change sector under rule (R3). Table D.17 studies the families directly affected by rule (R3), which makes both determination and enforcement independent of the father's sector, holding choices before separation as under the current system. Under the current system, 5.2 percent of initially formal fathers with children work informally after separation; under rule (R3), 4.3 p.p. of them work formally instead. These fathers work informally under the current system, even though informal employment reduces their earnings by 23 percent, from 2.16 to 1.66 times the minimum wage. They do so because working informally lowers their pay from 0.76 to 0.38 times the minimum wage, because they only value a share ς of it, and because they value informal work. Under rule (R3), the payment is 0.76 in either sector, so they remain formally employed.[15] Mothers receive 0.37 minimum wages more, and fathers earn 0.50 more, so even after paying more, they keep 0.12 more.[16]

Table D.17: Effect of rule (R3) on fathers who change sector and on all fathers

	Fathers who change sector (4.3%)			All fathers		
	Current	Rule (R3)	Change	Current	Rule (R3)	Change
Father's sector after separation	Informal	Formal				
Father's earnings	1.66	2.16	+0.50	2.37	2.39	+0.02
Payment to the mother	0.38	0.76	+0.38	0.70	0.72	+0.02
Father's earnings minus payment	1.28	1.40	+0.12	1.67	1.67	+0.00
Mother's resources	1.29	1.65	+0.37	1.62	1.64	+0.02

Notes: Separated parents with children in which the father was formally employed while the couple was together. Choices made before separation (sectors while together, fertility, and the probability of separation) are kept as under the current system, so the same families are compared under both rules. "All fathers" includes the 94.6 percent who are formally employed after separation under both rules and whose outcomes do not change. Amounts are in monthly minimum wages. Mother's resources are her earnings plus the payment, net of the children's costs.

Who changes sector and who gains. Fathers with lower earnings capacity are somewhat more likely to change sector: 5.1 percent of fathers in the bottom tercile of potential formal

[15] Two small groups also change. For 0.9 percent of fathers, informal employment remains preferable under rule (R3); they stay informal and pay more (0.31 instead of 0.22). Another 0.2 percent move from formal to informal employment. Their formal earnings are below the minimum wage, so under the current system, the minimum-wage imputation increases the obligation they would face if they worked informally; however, this counterfactual rule removes that penalty.

[16] Fathers do give up the non-pecuniary value of informal work. Including it, and the part of the payment they value, their effective consumption falls from 1.91 to 1.85 times the minimum wage.

earnings, compared with 3.4 percent in the top tercile. Among the families in which the father changes sector, mothers who were not employed or informally employed while the couple was together gain the most relative to their resources, about 46 and 26 percent, compared with 18 percent for mothers who were formally employed (Table D.18).

Table D.18: Fathers who change sector under rule (R3): by father's earnings and mother's sector

	Fathers who change sector (%)	Payment current → (R3)	Mother's resources current → (R3)	Change in mother's resources (%)
Panel A. By tercile of the father's potential formal earnings				
Bottom (< 1.71)	5.1	0.21 → 0.43	0.74 → 0.94	26.7
Middle (1.71–2.61)	4.3	0.39 → 0.76	1.23 → 1.58	28.8
Top (> 2.61)	3.4	0.63 → 1.27	2.18 → 2.82	29.4
Panel B. By the mother's sector while the couple was together				
Formal	4.1	0.56 → 1.12	3.08 → 3.64	18.2
Informal	4.5	0.42 → 0.84	1.63 → 2.05	25.5
Not employed	4.2	0.32 → 0.64	0.65 → 0.94	45.5

Notes: Same population and assumptions as Table D.17. The first column is the percentage of fathers in each group who work informally under the current system and formally under rule (R3). The remaining columns refer to those fathers and their families. Amounts are in monthly minimum wages.

Choices before separation. When all choices respond (Table 7), the probability of separation of couples with children is 15.8 percent under the current system and 11.2 percent without child support, and the share of households with children is 3.5 p.p. higher under the current system.[17] Turning to sector-neutral determination and enforcement (R3), mothers' average resources among all separated parents with children do not rise (1.446 to 1.439), in contrast with the increase of 0.025 minimum wages when choices before separation are kept fixed. Table D.19 decomposes this difference. Under rule (R3), mothers who were not employed while together and who have lower resources after separation become somewhat more likely to separate. Resources rise for mothers in every group, but the average does not because these mothers carry more weight. Because only the aggregate probability of separation is targeted, we view this as a consequence of the model rather than an estimate.

[17]Fertility responds to child support only through the value of separation, and no moment in the estimation disciplines this response, so we do not interpret it as a prediction.

Table D.19: Mothers' average resources after separation under rule (R3): from fixed to responding choices before separation

	Minimum wages
Current system	1.446
+ Change in choices after separation	+0.025
+ Change in sectors and fertility while together	0.000
+ Change in which families separate	−0.032
Rule (R3), all choices respond	1.439

Notes: Separated parents with children, weighted by their probability of separation. The terms are added one at a time; the second and third depend on the order of addition, and the table reports the average over the two orders (ranges: 0.0000 to −0.0009 and −0.0314 to −0.0324). Under rule (R3), mothers' resources rise within each group: from 3.24 to 3.27 for mothers formally employed while together, from 1.85 to 1.88 for those informally employed, and from 0.73 to 0.75 for those not employed. The share of the probability of separation accounted for by mothers who were not employed rises from 57.5 to 59.2 percent.