ARREARS LEVERAGING PILOT PROJECT:
OUTCOMES ACHIEVED & LESSONS LEARNED

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THE PROBLEM:  
CHILD SUPPORT ARREARS OWED BY LOW-INCOME OBLIGORS

- State-owed child support arrears accrue when obligors fail to pay current support and their low-income children are instead supported through the TANF program.

- Nationally, 70% of certified arrears owed to families and states are owed by persons with reported earnings of less than $10,000 (OCSE, 2004).
THE PROBLEM:
CHILD SUPPORT ARREARS OWED BY LOW-INCOME OBLIGORS

- Low-income obligors may be discouraged or deterred from paying any support in order to avoid being ‘caught’, which could lead to a further absence from their children’s lives (Barfield & Meyer, 2003).

- States may be penalized for low rates of collection on cases with arrears balances and on current support (Pearson & Griswold, 2001).
Arrears Leveraging Pilot Program:
Description and Sample

- Approximately 150 applicants requested enrollment between November 2000 and March 2004.

- Final sample included 74 eligible participants who:

  - Had at least one current/active child support case in Baltimore City with state-owed arrears, and

  - Successfully completed an employment program offered by one of six local Community-Based Organizations (CBOs).
Arrears Leveraging Pilot Program:
Description and Sample

- 25% of State-Owed Arrears eligible for forgiveness upon completion of CBO program.

- Remaining balance divided into 4 equal parts, each of which was eligible for forgiveness after 6 consecutive months of current child support payments.

- Allowed up to 5 years to complete the program; participants were dropped after 7 consecutive months of non-payment.
Arrears Leveraging Pilot Program: Description and Sample

Example:
Total Obligation of $16,000

- 25% of Original Balance forgiven upon completion of CBO
- ¼ of Remaining Balance forgiven for each six consecutive month-period of current support payments
Our Study: 
Methods and Data Sources

- Program Participation records w/ date of entry and court-approved expungements.
- State administrative data:
  - public welfare program utilization;
  - UI-covered employment;
  - and child support enforcement.
Our Study:  
Methods and Data Sources

- Division of Sample into 3 groups:
  - **Stage 1** (45.9%, n=34): participants who completed the CBO program, and received a 25% expungement, but went no further in the pilot program.
  - **Stages 2, 3, or 4** (33.8%, n=25): participants who completed the CBO program as well as 1, 2, or 3 six-month periods of consecutive current support, but still had a balance of arrears when they dropped out of the pilot program.
  - **Stage 5** (20.3%, n=15): participants who completed all stages of the pilot program, and, as a result, were eligible to receive complete forgiveness of their state-owed arrears debt.
Findings:
Program Progress

Stage 1
Graduated from CBO, 25% of total arrears forgiven

n=74

Stage 2
Paid support for 6 consecutive months, first 1/4 of remaining adjusted balance forgiven

n=40

Stage 3
Paid support for another 6 consecutive months, second 1/4 of remaining adjusted balance forgiven

n=35

Stage 4
Paid support for another 6 consecutive months, third 1/4 of remaining adjusted balance forgiven

n=24

Stage 5
Paid support for another 6 consecutive months, final 1/4 of remaining adjusted balance forgiven

n=15
Findings:
Characteristics of Program Participants

- Demographics: 97.3% male, 59.5% African American, 34.5 years old (average).

- Participants owed an average $231.60/month in current support and $41.80/month in other support, typically for arrears, for a total of $273.40/month.

- In total, participants owed an average of $10,479.50 in state-owed arrears, and $5,609.35 in custodian-owed arrears, for a total arrears debt of $16,088.85/participant.

- The sum of all state-owed arrears for the entire group was $1.2 million ($1,174,485.84).
Findings:  
Public Welfare Utilization

- **Public welfare** includes receipt of Temporary Cash Assistance (TCA), Food Stamps, Medical Assistance, and Temporary Disability Assistance Program (TDAP):
  - **39.2%** received benefits in the 2 years before enrollment in the ALPP
  - **28.4%** received benefits in the 1st year after enrollment
  - **20.8%** received benefits in the 2nd year after enrollment
Findings:
Quarterly Earnings Before and After Enrollment

<table>
<thead>
<tr>
<th>Stage</th>
<th>Two Years Before Enrollment</th>
<th>Two Years After Enrollment**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,117</td>
<td>$2,363</td>
</tr>
<tr>
<td>2-4</td>
<td>$2,541</td>
<td>$4,457</td>
</tr>
<tr>
<td>5</td>
<td>$3,717</td>
<td>$4,943</td>
</tr>
<tr>
<td>Total</td>
<td>$2,701</td>
<td>$3,711</td>
</tr>
</tbody>
</table>

*Note: n=52, *p<.05, **p<.01, ***p<.001*
Findings:
TANF Cash Benefit Receipt of Participants’ Children

Average # of Months of TCA receipt Before and After ALPP Enrollment

<table>
<thead>
<tr>
<th>Stage</th>
<th>Pre-Enrollment</th>
<th>Post-Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>14.08</td>
<td>15.58</td>
</tr>
<tr>
<td>Stages 2 to 4</td>
<td>15.35</td>
<td>14.24</td>
</tr>
<tr>
<td>Stage 5</td>
<td>15.80</td>
<td>10.83</td>
</tr>
<tr>
<td>Total</td>
<td>14.98</td>
<td>13.96</td>
</tr>
</tbody>
</table>

Two Years Before Enrollment  Two Years After Enrollment
Findings:
Child Support Outcomes For All Participants

Average Number of Months Current Child Support Was Paid

- 1 Year Before: 2.9 months
- 1st Year After: 6.32 months
- 2nd Year After: 6.69 months

Average % of Current Support Paid

- 1 Year Before: 25.3%
- 1st Year After: 64.1%
- 2nd Year After: 89.8%
Findings:
Child Support Outcomes For Separate Groups

Number of Months of Current Support Paid Before and After ALPP Enrollment

<table>
<thead>
<tr>
<th>Stage 1 Participants</th>
<th>Stages 2, 3 &amp; 4 Participants*</th>
<th>Stage 5 Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year Before</td>
<td>1.41</td>
<td>4.21 4.2</td>
</tr>
<tr>
<td>1st Year After</td>
<td>3.36</td>
<td>9.87</td>
</tr>
<tr>
<td>2nd Year After</td>
<td>3.78</td>
<td>7.81 10.73</td>
</tr>
</tbody>
</table>
Findings:
Child Support Outcomes For Separate Groups

Mean Percent of Current Support Paid Before and After ALPP Enrollment

Stage 1 Participants
Stage 2, 3 & 4 Participants*
Stage 5 Participants

1 Year Before 1st Year After 2nd Year After

Stage 1 Participants: 12.2% 37.1% 35.9%
Stage 2, 3 & 4 Participants*: 31.5% 106.8% 159.1%
Stage 5 Participants: 25.9% 131.0%
Findings:
Arrears Expungement

<table>
<thead>
<tr>
<th>Stage</th>
<th>Average Amount of Arrears Forgiven Per Obligor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>$1,964</td>
</tr>
<tr>
<td>Stages 2 to 4</td>
<td>$6,468</td>
</tr>
<tr>
<td>Stage 5</td>
<td>$9,206</td>
</tr>
<tr>
<td>Total</td>
<td>$4,954</td>
</tr>
</tbody>
</table>

Average Amount of Arrears Forgiven Per Obligor
Findings:
Current Support Paid vs. Arrears Forgiven

<table>
<thead>
<tr>
<th>Stage</th>
<th>Total Expungements</th>
<th>Total Support Payments</th>
<th>$7,264 difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$366,576</td>
<td>$373,840</td>
<td></td>
</tr>
<tr>
<td>Stage 5</td>
<td>$138,090</td>
<td>$167,763</td>
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</tr>
<tr>
<td>Stages 2 to 4</td>
<td>$161,708</td>
<td>$124,646</td>
<td></td>
</tr>
<tr>
<td>Stage 1</td>
<td>$66,778</td>
<td>$81,430</td>
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</tr>
</tbody>
</table>

-$0 $100,000 $200,000 $300,000 $400,000
Conclusions: Outcomes Achieved

- **Stage 5 participants** (those who completed all phases of the program) **had better outcomes** in employment, earnings and child support than other participants.

- There were **no statistically significant pre-program differences** among the three groups on demographic characteristics, child support order amounts, or the amounts of state-owed and total arrears.

- Participants **worked more, earned more, paid more child support**, and **paid more often** than they had before enrolling in the program.

- Participants **paid more in current support than was forgiven** in state-owed arrears, by about $7,000.
Conclusions:
ALPP Limitations

- Lack of data on those who were eligible for the program but did not complete the CBO employment program.

- Implementation difficulties, including lengthy delays between achievement of program milestones and actual forgiveness of arrears.

- Improvement in outcomes likely due to participation in CBO employment-focused programs and/or continued child support enforcement methods.
Recommendations:
Lessons Learned

- **Further testing and evaluation** of creative employment and/or expungement programs for the non-custodial parents population should be pursued.

- It is highly recommended that any project include:
  - An *employment services* component;
  - Strong relationships, forged in advance of the project start date, among all organizations that will be involved in the project or its evaluation, with *designated liaisons*; and
  - Carefully considered criteria for program eligibility.
Recommendations:
Lessons Learned

- Agencies should consider the implications of having other enforcement actions occur simultaneously with an obligor’s participation in an arrears leveraging project, and the possible need for support order modifications for arrears leveraging participants.

- At minimum, our findings indicate that through creative programs child support agencies can turn non-payers into payers, even those who conventional wisdom would suggest have a very low likelihood of success.
Thank You!

For further information on this study, please send an e-mail to:

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