

ARREARS LEVERAGING PILOT PROJECT: OUTCOMES ACHIEVED & LESSONS LEARNED

PAMELA C. OVWIGHO, PhD
RESEARCH DIRECTOR

CORRENE SAUNDERS, BA
RESEARCH ANALYST

CATHERINE E. BORN, PhD
PRINCIPAL INVESTIGATOR

MARCH 2005



UNIVERSITY OF MARYLAND
SCHOOL OF SOCIAL WORK
525 WEST REDWOOD STREET
BALTIMORE, MD 21201

ACKNOWLEDGEMENTS

The authors would like to thank Michael Funk, Jamie Haskel, Dan Kott, Rennert Kane, Tamiko Myles, and Nikol Shaw for their assistance in the collection and processing of data for this report and Kathryn Patterson for her assistance with report graphics and formatting. We would also like to express our appreciation to Willie McCargo and Ken Walters for their help in clarifying program operation details.

This report was prepared by the Family Welfare Research and Training Group, School of Social Work, University of Maryland, 525 West Redwood Street, Baltimore, Maryland 21201 with support from its long time research partner, the Maryland Department of Human Resources, Child Support Enforcement Administration. For additional information about this report or the study, please contact Dr. Catherine Born (410.706.5134, cborn@ssw.umaryland.edu) or visit our website: www.familywelfare.umaryland.edu.

TABLE OF CONTENTS

List of Tables
List of Figures
Executive Summary

Introduction	1
Background	3
Methods	
Sample	7
Data	7
Analysis	8
Findings	
Program Progress	11
Participant Demographic Outcomes	12
Child Support Case Characteristics	13
Participant Public Welfare Histories and Outcomes	16
Participant Employment Histories and Outcomes.....	18
Child Utilization of Temporary Cash Assistance (TCA)	23
Child Support Payment Outcomes	24
Arrears Expungements.....	28
Conclusions.....	31
References.....	36

LIST OF TABLES

Table 1. Demographic Characteristics of Arrears Leveraging Participants	13
Table 2. Child Support Case Characteristics of Arrears Leveraging Participants.....	15
Table 3. Participant Utilization of Public Welfare Programs	17
Table 4. Employment Patterns of Arrears Leveraging Participants	19
Table 5. Child Support Outcomes of Arrears Leveraging Participants	27
Table 6. Arrears Expungements for Arrears Leveraging Participants	29

LIST OF FIGURES

Figure 1. Program Progress for Arrears Leveraging Participants	12
Figure 2. Average Quarterly Earnings Two Years Before and After Enrollment.....	21
Figure 3. Average Total Earnings Two Years Before and After Enrollment.....	22
Figure 4. Average Months of Child TCA Receipt by Stage.....	23
Figure 5. Total Payments and Arrears Expungements from Enrollment to September 30, 2004	30

EXECUTIVE SUMMARY

Many states have started to recognize that a disproportionate share of child support debt, particularly that owed to the government, may be owed by persons with low or no earned income. Questions have also been raised about possible unintended negative consequences of large state-owed arrears balances on the current support payment behavior of low-income obligors and on their relationships with their children. Specifically, there is concern that such obligors may be discouraged or deterred from paying any support at all, may disappear from the legitimate economy, and may disappear from their children's lives as well.

To investigate and address these issues, Maryland and a few other states have begun to experiment with debt leveraging, sometimes called arrears leveraging, management or forgiveness programs. Funded by the Child Support Enforcement Administration, Maryland Department of Human Resources, this report presents findings from an evaluation of Maryland's Arrears Leveraging Pilot Project (ALPP). Begun in November 2000, the ALPP was designed to encourage low-income, non-paying child support obligors to pay their current support by rewarding consistent payment with reduction or elimination of state-owed arrears. Low-income non-custodial parents working with certain community-based organizations (CBO) on employment issues were eligible for the pilot project if they had at least one Baltimore City child support case with an order for current support and a balance of state-owed arrears. Participants who graduated from their CBO employment program and gained employment were eligible to have 25% of their State-owed arrears expunged. The remaining balance was divided into four equal parts. Each time the obligor paid his/her current support obligation for six consecutive months one of these fourths was to be expunged. Because the project was geared towards parents who have typically had difficulty maintaining employment and payment of child support, the ALPP was designed to allow participants up to five years to achieve the four periods of continuous payment.

The evaluation utilizes a variety of administrative data to examine the characteristics of and outcomes achieved by the 74 ALPP participants who completed their CBO program and received forgiveness for at least 25% of their State-owed arrears. The following bullets summarize our main findings.

- Despite the fact that ALPP was a small pilot project operating in only one jurisdiction and suffered various implementation difficulties, its overall results were positive: participants worked more, earned more, and paid more child support and paid more often than they had before the program's existence. In addition and notably, the amount of current child support paid by participants (\$373,840) was greater than the total amount of state-owed child support debt forgiven (\$366,576).
- Participants who completed all phases of the program (Stage 5) generally had better employment, earnings and child support outcomes than did participants who dropped out in the early (Stage 1) or middle portions (Stages 2 – 4) of ALPP. This is particularly notable because, for the most part, 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.

- Implementation difficulties, including lengthy delays between achievement of program milestones and actual forgiveness of the designated portion of state-owed arrears made this pilot an inadequate test of arrears forgiveness as an effective inducement to the payment of current child support. This does not mean structured efforts to reduce state-owed arrears should be abandoned.

Consistent with findings from other states, our results strongly suggest that employment and employment support/retention services almost certainly will be required elements in any successful arrears forgiveness program. These services, along with such things as careful pre-implementation planning, inter-agency coordination, and structured eligibility, participation and evaluation protocols, would provide an even stronger test of the arrears forgiveness concept.

INTRODUCTION

In a nation and our own State of Maryland where nearly one of every two marriages ends in divorce, one of three children are born outside of marriage, and more than one in four children live with only one parent, the importance of children's regular receipt of financial support from their non-custodial parents can hardly be overstated. This source of income - or the lack thereof - can be especially critical for low-income families and for non-marital children. The poverty rate among children in single parent families is three times higher than for children who live with both parents; many children born outside of marriage live below or just above the poverty line and many will spend time on welfare (Sorensen and Zibman, 2000). For those who received them, child support payments represented almost one-third (30%) of total income for families with incomes below the poverty level in 2001 (Sorensen, 2003).

Steady and impressive improvements in public child support programs notwithstanding, more than half of all families receive less than the full amount of court-ordered support due and the amount of past-due support (i.e., arrears) continues to rise. In 1999, to illustrate, 53% of all cases had support arrears (Office of Child Support Enforcement [OCSE], 2004a). Preliminary national data for 2003 indicate that 68% of all cases - 10.8 million families - have arrears which average \$9,000 per case and, collectively, total \$95.8 billion (OCSE, 2004a).¹

About half of all arrears are owed to families, but the other half is owed to government as reimbursement for the cost of welfare and other services provided to children. Some of the debt, certainly, is owed by those who simply refuse to pay and may employ sophisticated measures to thwart collection efforts. Increasingly, however, it is being recognized that a disproportionate share of child support arrears may be owed by debtors with low or no earned income. One recent study found that, nationally, 70% of all government-owed arrears (that is, excluding arrears owed to families) were owed by persons with no quarterly earnings (42%) or with annual earnings of less than \$10,000 (28%; OCSE, 2004b). For Maryland, the study found that 35% of all arrears were owed to the state, 38% owed by absent parents with no quarterly wage record and 30% owed by persons with annual incomes of less than \$10,000.

Progress on arrears collection has been made, but the reality of the present situation and a reasonable recipe for the future do appear to be as one former federal child support official has opined:

...even though we're collecting significant amounts of arrears, we don't seem to be making a dent...and the overall debt continues to grow. Clearly, we need to design and implement more effective strategies to collect arrears from those who have the ability to pay and refuse to do so. And, we need to do more to help low-income parents who want to meet their obligations and are struggling to do so....We need to be more aggressive about leveraging older debt owed to the government as an incentive to obtain more reliable payments of current support to families. If we do, I suggest that state and Federal governments will do better

¹ In Maryland, preliminary federal data for 2003 indicate that there were 194,177 cases with arrears that totaled roughly \$1.4 billion, an average of \$7,209.92 per case. In approximately three-fifths of all cases, at least one payment on arrears was made during the year.

as families become more self-sufficient and less dependent on Medicaid and other public benefits than they have been doing in collecting old child support debt owed to those governments for long-ago welfare payments (OCSE, 2004a, preface).

As is often the case, Maryland has been on the cutting edge of new thinking and, in November 2000 began the Arrears Leveraging Pilot Project (ALPP), a small demonstration project in Baltimore City. A collaborative effort among state and local child support officials and community-based organizations, the pilot was intended to encourage low-income, non-paying absent parents to pay their current support by rewarding consistent payment behavior with reduction or elimination of arrears they owed to the state. In mid-2004, the Child Support Enforcement Administration, Maryland Department of Human Resources asked the authors to study the program and to address certain important questions. This report is the result of our work on that task. Specifically, using a variety of administrative data sources, the remainder of this report addresses five questions:

- 1) What percentage of parents made it through each of the program phases?
- 2) What are the characteristics of program participants?
- 3) What changes, if any, occur in employment rates, stability and earnings after graduation from the program and what are the patterns over time?
- 4) What changes, if any, occur in the welfare receipt patterns of participants' children after the participants have graduated from the program?
- 5) Are there any changes in participants' child support payment behavior during their enrollment in the project?

ALPP was a small pilot, operating in one jurisdiction and suffered a variety of implementation and other difficulties. Nonetheless, answers to these five fundamental questions about the program should provide valuable information and insights for elected and appointed officials about a child support issue of great importance to low-income families, child support agencies and states. The issue, at root, is this: what strategies or programs are needed to permit us to effectively balance the need of our state's children for financial support from their absent parents with the ability of absent parents to provide that support in the here-and-now without being crushed under the weight of insurmountable accumulated debt.

BACKGROUND

The public child support system of today is, as social programs go, still relatively young, having been created in 1975 with the Title IV-D amendment to the Social Security Act. Because of the significant practical and philosophical changes that have taken place in the ensuing 30 years it is sometimes forgotten that, when all is said and done, a main goal of the program was to reduce and recover public expenditures on Aid to Families with Dependent Children (Primus and Daugirdas, 2000; U.S. House of Representatives, 2004). Although welfare cost-recovery and cost-avoidance remain of concern, the program's focus has appropriately expanded over time to place greater emphasis on ensuring that all children receive financial support from both of their parents. Significant expansion of the tools available to agencies to pursue this goal have occurred, most notably via the 1984 Child Support Amendments, the Family Support Act of 1988, and the 1996 Personal Responsibility and Work Opportunity Reconciliation Act. The array of enforcement techniques states must or may use is particularly impressive, including but not limited to such things as wage withholding; intercepting federal and state tax refunds and lottery winnings; passport denial; withholding, restriction or suspension of occupational, professional, recreational and driver's licenses; routine data matching with financial institutions; and imposing liens against real and personal property.

In virtually all areas, program performance data indicate that these and other methods of locating parents, establishing paternity and support and enforcing payment have yielded positive results. For example, the program established paternity for 592,000 children in 1994, but for 1.5 million children in 2002, an increase of 156% (U.S. House of Representatives, 2004). From 1978 to 2001 total collections, parents located, paternities established and support orders obtained increased by more than 275% (U.S. House of Representatives, 2004). The fact that the population of single mothers eligible for child support also increased during this period helps explain these results, but even so most observers agree that program performance in these areas has steadily improved from year to year.

The notable exception to this trend lies in the area of arrears or child support that is owed, but has not been paid. As mentioned, the cumulative tally of unpaid support since the program's inception in the mid-1970s approximates \$100 billion dollars and, all else equal, shows no signs of leveling off, let alone decreasing. About half of all support arrears are owed to government to reimburse for the cost of cash assistance provided to impoverished children and their caretakers; the remainder is support that, if collected, would be distributed directly to families.

Child support officials, as well as advocates for custodial and non-custodial parents, have begun to suspect that much of the accumulated child support debt is simply not collectible. Questions have also been raised about possible unintended negative consequences of large state-owed arrears balances on the current support payment behavior of low-income obligors and on their relationships with their children. According to the federal Office of Child Support Enforcement, 63% of debtors, holding 70% of the \$70 billion debt in 2003 had reported annual earnings of less than \$10,000 (OCSE, 2004b). Similarly, a report on the prospect of collecting child support arrears in California found that over half of the state's debt was owed by obligors who earned less

than \$10,000 per annum, but had accrued more than \$20,000 each in arrears (Sorenson, 2003). That same study estimated that of the \$14.4 billion owed to the state in March 2000, only 25% was collectible given the current economic situation of the obligors.

Low current earnings does not always equate to low prior earnings, of course, but there is increasing concern that low-income obligors, knowing they are unable to pay off their debt to the state (arrears), may be discouraged or deterred from paying any current support at all (Bartfield & Meyer, 2003). Furthermore, debtors may try to disappear from the legitimate economy to avoid enforcement measures such as wage garnishment, license revocation or arrest and may disappear from their children's lives as well.

In addition to encouraging parental involvement, strengthening families and focusing on support owed to families, federal program performance standards and penalties are another reason states should be concerned about rising arrears balances, particularly arrears owed to the state that may simply not be recoverable. That is, some federal funds for the operation of state child support programs are contingent on states' respective ratings on various performance indicators. Among these are the number of cases with arrears balances that show some collection activity and the percentage of cases paying current support (Pearson & Griswold, 2001).

In light of the emerging empirical evidence about who owes child support arrears to the government, the federal Office of Child Support Enforcement has begun to offer encouragement and guidance for states to adjust policies to avoid and/or reduce the amount of arrears owed to the state by low-income obligors. In 2000, to illustrate, the OCSE suggested states consider prevention measures such as limiting the use of retroactive support, income imputation and minimum orders and also encouraged experimentation with programs to compromise or reduce state-owed arrears within specific parameters (OCSE, 2000). While program rules forbid the retroactive modification or alteration of arrears, it is possible to reduce or 'pay down' state-owed arrears through other means, provided both parties (i.e., the state and the obligor) agree. Subsequently, demonstration projects have emerged in several states to experiment with debt leveraging, sometimes called arrears leveraging, management or forgiveness, in exchange for obligors' participation in employment or parenting skills programs, or in exchange for regular current support payments. Following are brief descriptions of programs in Minnesota and Colorado, and a description of the pilot program in Maryland.

Minnesota²

To be eligible to participate in Minnesota's debt forgiveness program, obligors had to have current child support cases, a history of missed or irregular payments in the previous quarter, accumulated debt of at least \$500 permanently assigned to the state, and an annual income of less than \$21,475 (250% of the federal poverty level in 2001). Debt forgiveness was contingent on participants' making 12 consecutive, regular child support payments, though the 139 participants were randomly assigned to one of two

² Information about the Minnesota program is derived from Pukstas, Albrecht, Auten, Drew, and Dabruzzo (2004).

different repayment methods. One group received 50% debt forgiveness upon enrollment and the rest upon completion. The other group received forgiveness at various intervals: 10% upon enrollment, 10% after three months of regular payment, 30% after six months, and the remaining 50% upon completion.

Overall, the program reported a 24% success rate, with certain factors correlated with program success. The non-custodial parent's income and the amount of arrears at stake were directly related to successful completion of the program (the higher the better), while the amount of the required monthly child support payment was negatively related (the lower the better). Likelihood of success did not seem to be influenced by the method of forgiveness (i.e., lump sums vs. incremental) or history of default order.

Colorado³

The Colorado project allowed for the forgiveness of child support arrears after 10 months of consecutive, timely payments toward current support and/or a negotiated arrears payment. Qualified participants had to owe at least \$1,500 in arrears per case in specified counties and were advised of the project by letter. Program specifics varied by county. In one jurisdiction, abatement of arrears was allowed up to \$5,000 per child support case and was awarded in a lump sum at the end of the 10-month period with no other communication during the 10 months and no credit given for partial payments. Of 1,190 eligible cases, 90 non-custodial parents, representing 90 child support cases, participated and 33 (36.7%) successfully completed it.

Another county placed no cap on the amount of arrears that could be forgiven, and credit was given in specified increments. For each month of full and timely payment of current support, 10% of the arrears balance was forgiven, up to 10 months. Of 609 eligible cases, 80 non-custodial parents representing 89 cases participated and parents representing 54 child support cases completed the program. The researchers found that, for the most part, the program did not turn non-payers into payers. Rather participation and success patterns tracked with non-custodial parent earnings and barriers to employment/child support payment. Thus, it was recommended that future program iterations include some element of providing employment or other social assistance to participants.

Maryland

The Arrears Leveraging Pilot Program (ALPP) in Maryland served non-custodial parents who had at least one current/active child support case in Baltimore City on which there were state-owed arrears. Project referrals came from six community-based organizations (CBOs) that assist clients with job training and securing employment. Although all six programs shared the goal of helping clients improve their employment prospects and situations, the populations served were diverse, ranging from female ex-offenders to formerly homeless men and low-income earners seeking basic job training and placement.

³ Information about the Colorado program is derived from Pearson & Davis (2002).

The ALPP design was that after successful completion of one of the six CBO programs and acceptance into the ALPP, one-quarter of the obligor's state-owed arrears would be forgiven. The remaining state-owed arrears would then be divided into fourths and one-fourth would be forgiven for each period of six consecutive months of current support payments. Graduates of CBO programs were to be allowed up to five years from their ALPP enrollment date to achieve the four periods of continuous payment (resulting in forgiveness of all state-owed arrears), provided that they never went more than six months without paying any current child support.

The remainder of today's report presents data on Maryland's Arrears Leveraging Pilot Program and the relative success of participants, including the percent that completed the program, and their rates of child support payment before and after the program. The report also offers suggestions for the design, operation and evaluation of any similar projects in the future.

Sample

Ideally, a program evaluation is designed and implemented simultaneously with the program itself so that data collection and participation tracking protocols can be put in place at the outset. For unavoidable reasons, however, we were not asked to evaluate the ALPP until the program had been operational for several years. As a result, we are confident that the data presented in this report accurately reflect employment, earnings, child support payment patterns, and arrears abatement, but note that the ex post facto nature of our study did preclude any effort to assess process aspects of the program which may have contributed to the observed outcomes.

It is estimated that approximately 150 individuals requested enrollment in the ALPP from November 2000 through March 2004. Identifying information was available for 148 of those individuals. Out of this number, 14.9% (n = 22/148) were not eligible because they did not meet one or more of the program criteria (i.e. not an obligor on a Baltimore City child support case with an active order for current support and/or did not have a balance of state-owed arrears). An additional 35.1% (n = 52/148) had eligible child support cases, but did not have any of their arrears expunged, typically because they did not complete their CBO program. The remaining 74 participants had at least 25% of their arrears expunged and are the sample for this evaluation report.

Data Sources

Findings in this report are based on administrative data analyzed and retrieved by the authors from several computerized management information systems maintained by the State of Maryland. Specifically, demographic and program participation information were obtained from the Client Automated Resource and Eligibility System (CARES), Supplemental Security Income (SSI) information was derived from Maryland's State Data Exchange (SDX) file, child support payment data were obtained from the Child Support Enforcement System (CSES), and employment information is from the Maryland Automated Benefits System (MABS). These systems are described in more detail below.

CARES

CARES (Client Automated Resource and Eligibility System) is the current statewide data system for programs under the purview of the Maryland Department of Human Resources. For each person who applies for cash assistance (AFDC or TANF), Food Stamp, Medical Assistance, or Social Services, CARES contains a participation history. In addition to providing basic demographic data (name, date of birth, gender, ethnicity, etc), the history includes the type of program, application date and disposition date (denial or closure date) for each service episode, and a relationship code indicating the relationship of the individual to the head of the assistance unit.

CSES

The Child Support Enforcement System (CSES) contains child support data for the state. Maryland counties converted to this system beginning in August 1993 with Baltimore City completing the statewide conversion in March 1998. The system includes identifying information and demographic data on children, noncustodial parents and custodial parents receiving services from the IV-D agency. Data on the child support cases and court orders including paternity status and payment receipt are also available. CSES supports the intake, establishment, location, and enforcement functions of the Child Support Enforcement Administration.

MABS

In order to investigate the employment patterns of our customer sample, quarterly employment and earnings data were obtained from the Maryland Automated Benefits System (MABS). MABS includes data from all employers covered by the state's Unemployment Insurance (UI) law (approximately 93% of Maryland jobs). Independent contractors, sales people on commission only, some farm workers, federal government employees (civilian and military), some student interns, most religious organization employees and self-employed persons who do not employ any paid individuals are not covered. "Off the books" or "under the table" employment is not included, nor are jobs located in other states.

In a small state such as Maryland which borders four states (Delaware, Pennsylvania, Virginia, West Virginia) and the District of Columbia, cross-border employment by Maryland residents is quite common. Fully half of all counties in Maryland border at least one other state. According to the 2000 census, in some Maryland counties, more than one of every three employed residents worked outside the State. Also, there are more than 125,000 federal jobs in the State (<http://www.dllr.state.md.us/lmi>, 2000 data) and a majority of Maryland residents live within easy commuting distance of Washington, D.C.

It must also be noted UI earnings are reported on an aggregated quarterly basis. Thus, we do not know, in any given quarter, how much of that quarter (for example, how many hours) the individual was employed. It is also impossible to compute hourly wage figures or a weekly or monthly salary from these data. It is important to bear these data limitations in mind when examining employment patterns among our sample members.

SDX

Supplemental Security Income (SSI) data is received by Maryland Department of Human Resources from the Social Security Administration, and is accessed through the SDX (State Data Exchange) which every state receives. For the purposes of this report, information was obtained about ALPP participants' application and payment histories.

Analysis

Summary data describing sample members' characteristics and outcomes were analyzed using descriptive statistics. Chi-square and analysis of variance methods

were used to test for differences between sample members who achieved various benchmarks (Stages 1, 2, 3, 4, or 5) associated with the ALPP. Two-tailed, paired t-tests were employed to test for differences in various measures before and after enrollment in the ALPP.

For purposes of this analysis, program participants were divided into three groups. The first group consists of persons who achieved Stage 1 of the program; specifically, they graduated from a CBO employment program and received forgiveness of one-fourth to their total state-owed arrears balance, but went no further in the pilot program. As noted, after this first threshold and initial abatement, the remaining state-owed arrears (i.e., 75% of the original total) was divided into fourths, each segment eligible for forgiveness in exchange for a six month period of consecutive, current child support payments. Our second analytic group consists of persons who completed one of the middle stages (Stages 2 through 4) of the program. Included in this group are participants who paid child support of one, two, or three consecutive six-month periods. The third and final analytic group consists of Stage 5 participants, persons who completed all stages of the pilot program, and, as a result, were eligible to receive complete forgiveness of their state-owed arrears. The next chapter presents the findings of our analyses.

FINDINGS

As noted in the preceding chapter, most findings presented in this chapter compare three groups of ALPP participants based on their achievement of program milestones. The first and largest group contains those who graduated from a CBO employment program and received forgiveness for one-fourth of their total state-owed child support arrears balance, but went no further in the program. This group accounts for more than two of every five participants (45.9%, n=34/74).

The second group includes those who after graduation and initial arrears abatement paid current support for one, two or three consecutive six-month periods and, as a result, were eligible to have additional amounts of their state-owed arrears forgiven. About one of every three participants (33.9%, n = 25/74) is a member of this middle-stages group. Within this group of 25 persons, five had only one six-month period of consecutive current child support payments, 11 had two such six-month periods, and nine persons paid six consecutive months of child support on three separate occasions.

The final group includes participants who completed all five stages of the program and received complete forgiveness of their state-owed arrears. Fifteen participants or roughly one of every five persons taking part in the pilot (20.3%, n=15/74) are members of this third group.

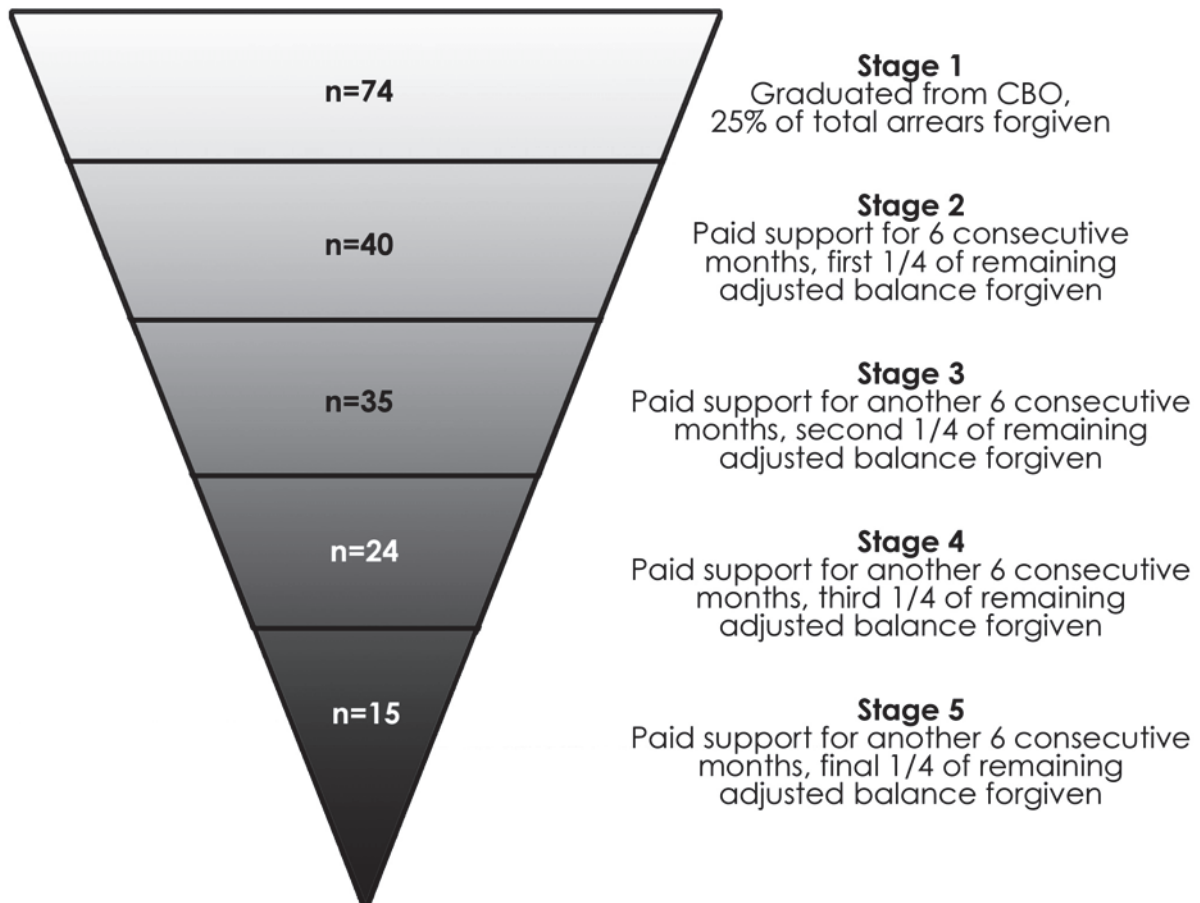
Program Progress

Figure 1, on the following page, looks at these same data through the lens of program progress and illustrates graphically how the 74 study subjects were distributed across the pilot project's specific child support payment/arrears abatement milestones. The top tier of the illustration shows, first, that a total of 74 participants completed Stage 1 of the program, meaning that they graduated from the community-based employment program and had 25% of their total state-owed arrears forgiven. Of these 74 persons, the second tier in Figure 1 indicates that about half (54%, n = 40/74) successfully completed Stage 2; they paid their current child support for six months after graduating from the CBO program and had the first 25% of their remaining arrears forgiven. Notably, the figure shows that most of those who completed Stage 2 also completed Stage 3 by paying an additional consecutive six months of current support and having an additional quarter of their state-owed arrears expunged (n=87.5%, or n=35/40). About two-thirds of Stage 3 graduates completed Stage 4 (68.6%, or n=24/35), and about three-fifths of Stage 4 graduates completed the entire program (62.5%, or n=15/24).

Stated another way, Figure 1 shows that the greatest degree of program "dropout" or attrition occurred between Stage 1 (graduation and initial abatement) and Stage 2 when, to have additional arrears forgiven, participants were required to make six consecutive monthly child support payments. That is, while 74 participants graduated and received the arrears abatement associated with that event, only 40 eventually received the next abatement (for making six consecutive monthly child support payments). However, if participants were able to successfully achieve one six-month period of payment, Figure 1 shows that they were also likely to have made one other set of six consecutive payments; of the 40 persons who had six months of payments, 35 also had a second

period of consecutive payments. Achieving the next stage, (a third period of six consecutive payments) proved more difficult; only 24 persons achieved this milestone which, by definition, could only have occurred one year or more after the end of their involvement with the community-based organization.

Figure 1. Program Progress for Arrears Leveraging Participants



Participant Demographic Characteristics

Demographic data describing personal characteristics such as gender, race and age of our sample members are presented in Table 1, following this discussion. The typical ALPP participant was an African-American (59.5%) man (97.3%) in his mid-thirties (mean age = 34.5 years). There were no statistically significant differences among Stage 1, Middle Stages, and Stage 5 participants on any of these characteristics.

Table 1. Demographic Characteristics of Arrears Leveraging Participants

	Stage 1 (n = 34)	Stages 2, 3, or 4 (n = 25)	Stage 5 (n = 15)	Total (n = 74)
Gender				
Female	.0%	4.0%	6.7%	2.7%
Male	100.0%	96.0%	93.3%	97.3%
Race				
African-American	52.9%	72.0%	53.3%	59.5%
White	2.9%	4.0%	.0%	2.7%
Unknown	44.1%	24.0%	46.7%	37.8%
Age				
Average at enrollment	32.8 years	35.6 years	36.2 years	34.5 years

*p<.05, **p<.01, ***p<.001

Child Support Case Characteristics

In addition to owing child support arrears to the government, program eligibility criteria required each member in our sample to have at least one current child support case open in Baltimore City.⁴ Table 2 presents data on the characteristics of participants' child support cases when they entered the ALPP.

As shown in the table, at the time of their acceptance into the ALPP, the average or typical participant had between two and three Baltimore City child support cases (mean=2.40). Typically, however, only one case (mean = 1.25) with two children (mean = 1.86) qualified for arrears leveraging. In terms of cases eligible for arrears leveraging, participants were under court order, on average, to pay \$231.60 a month in current child support and \$41.80 in other support, typically for arrears. For their cases eligible for the pilot program, the average ALPP participant owed \$10,479.50 in state arrears and \$16,068.85 in total arrears when s/he entered the program. Total arrears owed in eligible cases ranged from \$468 to \$48,221.

In total for eligible cases, ALPP obligors had debts of \$754,523.71 in state-owed arrears and \$1,174,485.84 in total arrears at the beginning of the program.⁵ Almost two-thirds (64.2%) of the total arrears owed by participants in eligible cases were owed to the state.

Comparing the child support characteristics of our three program progress groups, we find only one statistically significant difference. As shown in Table 2, the Middle Stages group had significantly more total child support cases (mean = 3.33 cases) than either Stage 1 (mean = 1.82 cases) or Stage 5 (mean = 2.20 cases). This finding may have important implications. Although there were no statistically significant differences

⁴ Case data are unavailable for one ALPP participant. Thus, sample sizes presented in Table 2 are as follows: Stage 1 (n=34); Stages 2, 3, or 4 (n=24); and Stage 5 (n=15), for a total sample of 73 participants.

⁵ It is important to note that these amounts, while large, do not represent participants' entire child support debt because many of them had at least one other child support case not eligible for arrears leveraging, even if arrears were owed. Altogether sample members owed an additional \$421,847.58 in arrears on ineligible cases.

among the three groups in support order amounts for qualifying cases, participants who progressed to only Stage 2, 3, or 4 were more likely to have other support obligations for non-qualifying cases. It is conceivable that this could have hampered their ability to consistently pay their current support due in their ALPP-eligible cases and receive the forgiveness of additional state-owed arrears.

Table 2. Child Support Case Characteristics of Arrears Leveraging Participants

	Stage 1 (n=34)	Stages 2, 3, or 4 (n=24)	Stage 5 (n=15)	Total (n=73)
Total Child Support Cases**				
Mean	1.82	3.33	2.20	2.40
Median	2	3	2	2
Standard Deviation	0.90	2.12	1.37	1.62
Range	1 to 5	1 to 8	1 to 5	1 to 8
Total Cases Qualifying for Arrears Leveraging				
Mean	1.15	1.38	1.27	1.25
Median	1	1	1	1
Standard Deviation	0.36	0.65	0.46	0.49
Range	1 to 2	1 to 3	1 to 2	1 to 3
Number of Children in Qualifying Cases				
Mean	1.62	2.25	1.80	1.86
Median	1	2	1	1
Standard Deviation	0.89	1.29	1.57	1.21
Range	1 to 4	1 to 6	1 to 7	1 to 7
Monthly Current Support Ordered Amounts				
Mean	\$216.74	\$247.61	\$239.67	\$231.60
Median	\$195.00	\$221.00	\$216.67	\$216.67
Standard Deviation	\$92.30	\$122.90	\$129.80	\$110.49
Range	\$86.67-\$424.67	\$108.33-\$539.33	\$75.83-\$509.17	\$75.83-\$539.33
Other Order Amounts				
Mean	\$29.35	\$52.92	\$52.26	\$41.80
Median	\$27.08	\$27.08	\$37.50	\$27.08
Standard Deviation	\$27.22	\$74.26	\$76.29	\$58.05
Range	\$0.00-\$86.67	\$0.00-\$329.33	\$0.00-\$290.33	\$0.00-\$329.33
State-Owed Arrears				
Mean	\$9,705.85	\$11,427.64	\$10,732.96	\$10,479.50
Median	\$8,321.70	\$11,581.64	\$10,802.47	\$9,175.93
Standard Deviation	\$7,317.88	\$10,777.79	\$8,433.73	\$8,726.18
Range	\$468-\$27,460	\$811-\$48,221	\$1,360-\$28,989	\$468-\$48,221
Sum	\$329,998.97	\$274,263.34	\$150,261.40	\$754,523.71
Total Arrears				
Mean	\$15,534.04	\$17,259.25	\$15,473.77	\$16,088.85
Median	\$11,482.50	\$13,283.00	\$14,903.04	\$12,764.85
Standard Deviation	\$12,678.24	\$13,725.41	\$8,621.04	\$12,205.86
Range	\$1,674-\$51,513	\$811-\$48,221	\$2,030-\$32,680	\$811-\$51,513
Sum	\$528,157.42	\$414,221.91	\$232,106.51	\$1,174,485.84

Note: Child support data are unavailable for one ALPP participant. *p<.05, **p<.01, ***p<.001

Participant Public Welfare Histories and Outcomes

The fact that all ALPP participants had balances of state-owed arrears indicates that their children had at some point received public assistance. Later in this chapter we examine the children's utilization of public assistance before and after their parents' ALPP participation. In this section, however, we consider the ALPP participants' own use of public welfare programs such as Temporary Cash Assistance (TCA), Food Stamps (FS), Medical Assistance (MA), and TDAP/ TEMHA (Temporary Disability Assistance program, formerly called Transitional Emergency Medical and Housing Assistance)⁶. Application and benefit receipt history for Supplemental Security Income (SSI) are also examined.

As shown in Table 3, following this discussion, a large proportion of ALPP participants were low-income. Just about two-fifths of participants (39.2%) had received TCA, FS, MA, and/or TDAP/TEMHA in the two years before their ALPP entry. Not surprisingly, TCA participation was lowest, with only one obligor receiving benefits in the previous two years. FS and TDAP/TEMHA participation was much higher: 36.5% and 25.7%, respectively, receiving benefits at least once during the two years immediately prior to their participation in the arrears leveraging project.

After enrollment in the ALPP, public welfare utilization dropped considerably. Table 3 shows that just over one in four ALPP participants (28.4%) received any of these benefits in the first post-program year. The largest decreases occurred for FS and TDAP/TEMHA. For example, while 36.5% of participants received FS in the two years before ALPP enrollment, only 24.3% received FS in the first year and 16.7% in the second year after enrollment. MA receipt, however, changed very little and TCA participation increased, but only among the Middle Stages group.

There are some notable, though not statistically significant, differences among our three study groups on these measures. In the period before their ALPP enrollment, Stage 1 participants (those who completed the CBO program, but did not achieve even one period of six consecutive current child support payments) were less likely to receive benefits, particularly FS and TDAP/TEMHA; only about one in three Stage 1 participants (32.4%) used any of these programs during that time frame. Utilization rates were higher for the other two groups (Middle Stages and Stage 5), with roughly 45% of participants in both groups having used at least one program in the two years before ALPP enrollment.

The pattern changes somewhat after ALPP participation. By the second year after enrollment, Stage 1 participants utilized FS at rates similar to Middle Stages and Stage 5 participants and were more likely to receive TDAP/TEMHA.

⁶ Temporary Disability Assistance is a grant available to low-income individuals with a medically certified temporary disability that prevents them from working for at least three months but not more than eleven. This may include substance abuse addictions for which they are receiving treatment, and those with permanent disabilities who are waiting to receive benefits from SSI. Recipients with temporary disabilities are eligible to receive no more than 12 TDAP payments within a 36-month period.

The bottom section of Table 3 provides data on SSI applications. Overall, a little more than one-third of ALPP participants applied for SSI, presumably because of disability, but none of these applications resulted in benefit receipt (i.e., no applications were approved). Of those who did apply, most had applied before enrolling in the ALPP (21.7%, or 61.5% of SSI applicants). After their ALPP participation an additional ten participants (13.5%, or 38.5% of SSI applicants) applied, but again, no applications resulted in SSI benefit receipt.

Stage 5 participants, those who completed the entire pilot program and had all state-owed arrears forgiven in eligible cases, had noticeably lower rates (26.7%) of SSI application. SSI application rates were 35.3% and 40.0% for Stage 1 and Middle Stages participants, respectively. Moreover, Stage 1 participants were more likely to apply for SSI after their ALPP enrollment (17.7%, or about one-fifth). Although none of these applications were approved, the perception of disability which prompted the application may provide some insight into why they were unable to complete the ALPP.

Table 3. Participant Utilization of Public Welfare Programs

	Stage 1 (n = 34)		Stages 2, 3 or 4 (n = 25)		Stage 5 (n = 15)		Total (n = 74)	
	%	Avg. # mos	%	Avg. # mos	%	Avg. # mos	%	Avg. # mos
Two Years Before Enrollment - Any program	32.4%		44.0%		46.7%		39.2%	
Temporary Cash Assistance	0.0%	0.00	4.0%	0.04	0.0%	0.00	1.4%	0.01
Food Stamps	32.4%	2.24	40.0%	4.76	40.0%	3.93	36.5%	3.43
Medical Assistance	8.8%	0.85	4.0%	0.04	13.3%	0.80	8.1%	0.57
TEMHA/TDAP	20.6%	1.62	28.0%	2.96	33.3%	2.87	25.7%	2.32
One Year After Enrollment - Any program	26.5%		36.0%		20.0%		28.4%	
Temporary Cash Assistance	0.0%	0.00	8.0%	0.92	0.0%	0.00	2.7%	0.01
Food Stamps	23.5%	1.79	32.0%	1.96	13.3%	0.93	24.3%	3.43
Medical Assistance	2.9%	0.26	8.0%	0.08	13.3%	1.07	6.8%	0.57
TEMHA/TDAP	17.6%	1.21	16.0%	.72	6.7%	0.33	14.9%	2.32
Second Year After Enrollment - Any program	16.7%		27.3%		23.1%		20.8%	
Temporary Cash Assistance*	0.0%	0.00	18.2%	1.18	0.0%	0.00	4.2%	0.27
Food Stamps	16.7%	0.54	18.2%	2.00	15.4%	1.31	16.7%	1.08
Medical Assistance	0.0%	0.00	18.2%	1.27	7.7%	0.46	6.3%	0.42
TEMHA/TDAP	12.5%	0.50	0.0%	0.00	0.0%	0.00	6.3%	0.25
SSI History								
Applied for SSI at any time	35.3%		40.0%		26.7%		35.1%	
Before enrollment	17.6%		28.0%		20.0%		21.7%	
After enrollment	17.7%		12.0%		6.7%		13.4%	

Note: Second year post-program data are available for 48 members out of 74: Stage 1 (n=24), Stages 2, 3, or 4 (n=11), Stage 5 (n=13).

*p<.05, **p<.01, ***p<.001

Participant Employment Histories and Outcomes

The previous sections have described our study sample and their circumstances at the time they enrolled in the arrears leveraging project, as well as their utilization of public welfare programs before and after their ALPP participation. This section and the next two focus on the main outcomes of our evaluation: changes in participants' employment, their children's public assistance utilization, and child support payments. We begin with employment. Table 4, which follows this discussion, presents data on the employment patterns of sample members before and after program enrollment.

As shown in the table, the historical rates of employment in Maryland jobs covered by the Unemployment Insurance (UI) program are high, perhaps surprisingly so given that all sample members owed past due child support and had entered a CBO employment program. Nine out of ten participants (90.5%) worked in a UI-covered job at some point in the previous two years. Virtually the same percentage (87.8%) worked in the year immediately before their ALPP enrollment.

Data describing the average number of quarters worked, however, begins to shed light on why child support debt may have accumulated and why enrollment in the CBO program may have seemed advantageous. Generally speaking, employment appears to have been fairly unstable. In the two years or eight quarters before enrollment, participants worked only an average of five quarters or about 62% of the time. Likewise, in the year immediately before their ALPP entry, obligors were employed for only 2.5 quarters or 64% of the time.

Employment for the entire sample actually decreased after their enrollment in the pilot project. A little more than four-fifths of the sample (83.8%) was employed in a UI-covered job at some point during the first post-program year. The overall employment rate dropped to 75.7% in the second year after program enrollment. The average number of quarters was roughly 2.5 quarters in both the first and second post-program years, or about 62% of the time.

Although overall employment rates decreased, there are some important differences among the three progress groups. While there were no statistically significant differences in employment rates or stability in the years before ALPP enrollment, the groups did differ after their participation in the pilot project. Between the year before enrollment and the first year after, the employment rate for Stage 1 participants decreased from 88.2% to 73.5%, and declined again in the second year after participation to 64.7%. In contrast, employment rates increased for the other two groups of participants during the first year of enrollment. Middle Stages participants, those who eventually dropped out, went from 84.0% employed at some point during the year before enrollment, to 88.0% employed during the first post-enrollment year. Among Stage 5 participants, those who completed the entire pilot program, the employment rate went from 93.3% to 100% during the same period of time. During the second post-program year, the employment rate decreased to 76.5% among Middle Stages participants, but remained at 100% for Stage 5 participants.

Employment stability also varied by group. Stage 1 participants, on average, worked in only two of the first four quarters after enrollment, compared to almost three quarters for Middle Stages participants and virtually all quarters for Stage 5 participants. In the second year after enrollment, Stage 1 and Middle Stages participants, on average worked in only two of the four quarters, while most Stage 5 participants were employed in all four quarters of the year. The differences in number of quarters employed are statistically significant in both the first and second post-program years.

In sum, these analyses show that, considering only employment rates and employment stability, persons who successfully completed the CBO employment program and achieved all required child support payment thresholds associated with the ALPP were significantly more likely to be employed and worked significantly more quarters than ALPP participants who did not make it to the end of the program. Although the specifics of the CBO employment programs varied and are not examined here, it is important to note that these employment findings are consistent with results reported from the Colorado and Minnesota debt leveraging projects.

Table 4. Employment Patterns of Arrears Leveraging Participants.

	Stage 1 (n=34)		Stage 2, 3, or 4 (n=25)		Stage 5 (n=15)		Total (n=74)	
Two Years Before Enrollment								
Percent employed	94.1%	(32)	84.0%	(21)	93.3%	(14)	90.5%	(67)
Average number of quarters employed	4.74		4.64		6.13		4.99	
One Year Before Enrollment								
Percent employed	88.2%	(30)	84.0%	(21)	93.3%	(14)	87.8%	(65)
Average number of quarters employed	2.62		2.24		3.00		2.57	
First Year After Enrollment								
Percent employed	73.5%	(25)	88.0%	(22)	100.0%	(15)	83.8%	(62)
Average number of quarters employed**	1.97		2.68		3.80		2.58	
Second Year After Enrollment								
Percent employed	67.9%	(19)	76.5%	(13)	100.0%	(15)	78.3%	(47)
Average number of quarters employed**	2.00		2.06		3.73		2.45	

*p<.05, **p<.01, ***p<.001

One key impetus for the development of arrears forgiveness programs has been concern that, due to chronically low earnings, many obligors may simply be unable to afford the child support debt they owe to government as reimbursement for public assistance benefits provided to their children. Thus, in addition to employment rates and stability, it is also important to examine participants' earnings both before and after their enrollment in the arrears leveraging program.

We first consider average quarterly earnings for the two years before and two years after ALPP enrollment. In the two years before enrollment, Figure 2 shows that, as a group, participants earned an average of \$2,701 per quarter. Although the differences among groups in the pre-program period are not statistically significant, Figure 2 also shows that Stage 5 program completers had higher average quarterly earnings (\$3,717) than Middle Stages program dropouts (\$2,541) who, in turn, had higher average

quarterly earnings than Stage 1 participants (\$2,117).

In the post-enrollment period, we do find statistically significant differences in average quarterly earnings. Specifically, obligors who completed all stages (\$4,943) earned more per quarter post-program enrollment than those who did not progress as far.

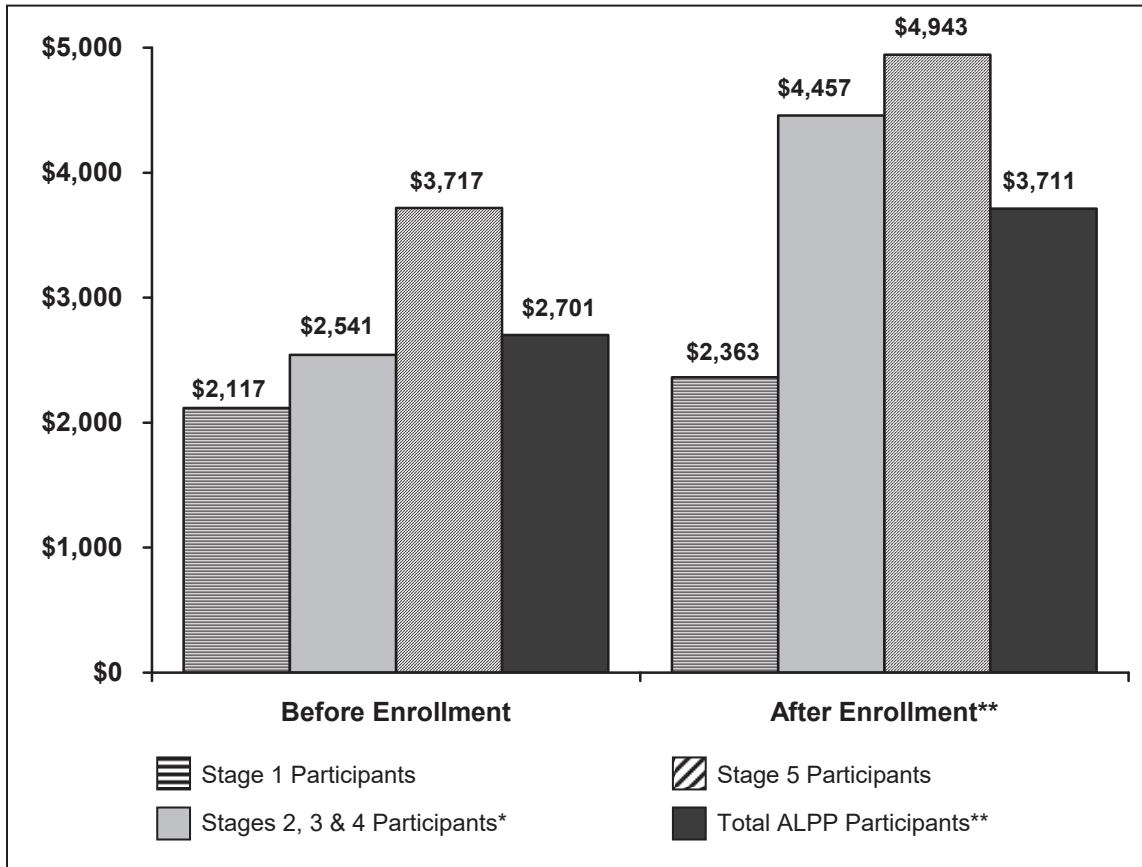
Figure 2 also shows that, in the two years after their ALPP participation, the quarterly earnings of Stage 1 participants changed very little, from \$2,117 to \$2,363. In contrast, earnings for the Middle Stages group increased noticeably from \$2,541 to \$4,457, as did earnings for Stage 5 program completers from \$3,717 to \$4,943. For the sample as a whole, average quarterly earnings increased from \$2,701 in the two years before ALPP participation to \$3,711 in the two years after enrollment. The earnings increases are statistically significant for the Middle Stages group and the total sample.

The child support data presented earlier indicated that there were no statistically significant differences among our three groups in the amounts of their monthly court-ordered child support obligations. However, when those support order amounts are viewed in the context of these earnings figures, certain intriguing findings emerge. Specifically, the ratio of support-ordered amount to earnings is substantially higher for Stage 1 participants than for the sample overall. For the entire sample, the average monthly current support order amount was \$231.60 and the average monthly other support amount (usually arrears) was \$41.80, for a total average monthly support order of \$273.40, or \$820.20 per quarter. With an average quarterly gross income of \$2,701 before program enrollment and of \$3,711 after enrollment, the child support obligation represents 30.4% of pre-program gross earnings and 22.1% of gross quarterly earnings after enrollment.

In contrast, the average current support order in eligible cases among Stage 1 obligors was \$216.74, and the average arrears order was \$29.35 for a total average monthly order of \$246.09, or \$738.27 per quarter. With average quarterly gross earnings of \$2,117 before enrollment and \$2,363.00 after enrollment, the child support obligation for these participants represents 34.9% of pre-program gross earnings and 32.9% of post-program gross earnings.⁷ It is quite possible that because of simple economics these participants may have been unable to make six consecutive payments after graduating from the CBO employment program and thus were unable to qualify to have any additional amounts of their state-owed arrears expunged.

⁷ Middle Stages participants also had a very high debt-to-earnings ratio in the pre-program period (35.4%), but due to a significant increase in average quarterly earnings, the child support obligation represented only 20.2% of their gross quarterly earnings in the post-program period. The pre- and post-program figures for the Stage 5 program completers were 23.5% and 16.5%, respectively.

Figure 2. Average Quarterly Earnings Two Years Before and After Enrollment

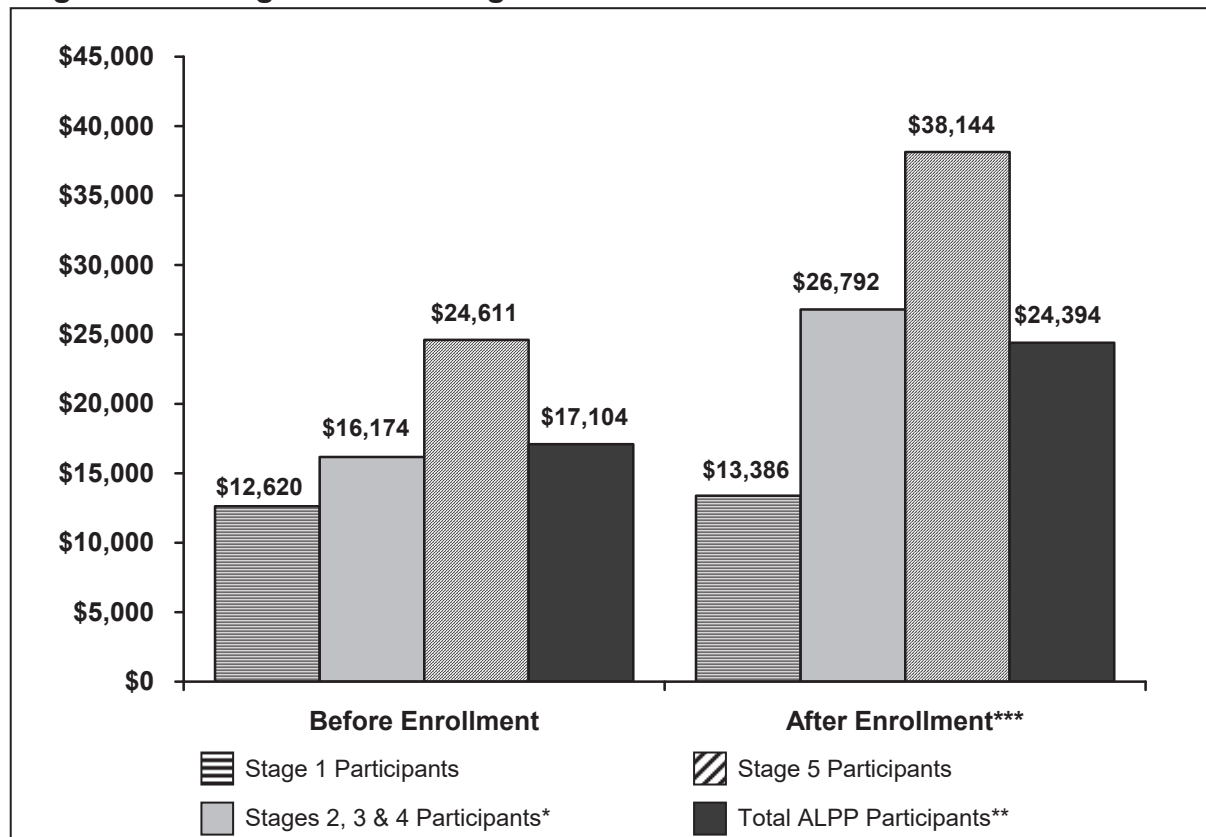


Note: N = 52; *p<.05, **p<.01, ***p<.001

Our final employment analysis concerns ALPP obligors' total earnings in the two years before and after program enrollment. Figure 3, following, displays total earnings figures for our three progress groups. Consistent with the trends evident for average quarterly earnings, we find that total earnings both pre- and post-program correlate with program progress. Before enrollment, Stage 1 participants earned an average total of \$12,620, compared to twice that among Stage 5 participants (\$24,611 total).

Those who achieved later ALPP milestones also experienced larger earnings increases. In the two years after enrollment, Stage 5 participants earned an average of \$13,533 more for a total of \$38,144, compared to an increase of only \$766 for Stage 1 participants.

Figure 3. Average Total Earnings Two Years Before and After Enrollment



Note: N = 52; *p<.05, **p<.01, ***p<.001

In sum, this section on employment has shown that the percent of participants employed, average number of quarters worked, and average earnings all seem to be directly correlated to program progress. Stage 1 members consistently fared worse, and Stage 5 earners consistently fared better than the Middle Stages group in the two years following program enrollment. Before their ALPP participation, Stage 1 obligors had similar rates of employment in UI-covered jobs, but less employment stability and lower quarterly earnings. After their involvement with the arrears leveraging program, employment rates for these individuals actually declined, while employment stability remained about the same and earnings increased only modestly.

Those who completed the ALPP (i.e Stage 5 participants), in contrast, had more stable employment histories. Their post-program employment outcomes were quite positive with nearly universal stable employment and significant earnings increases.

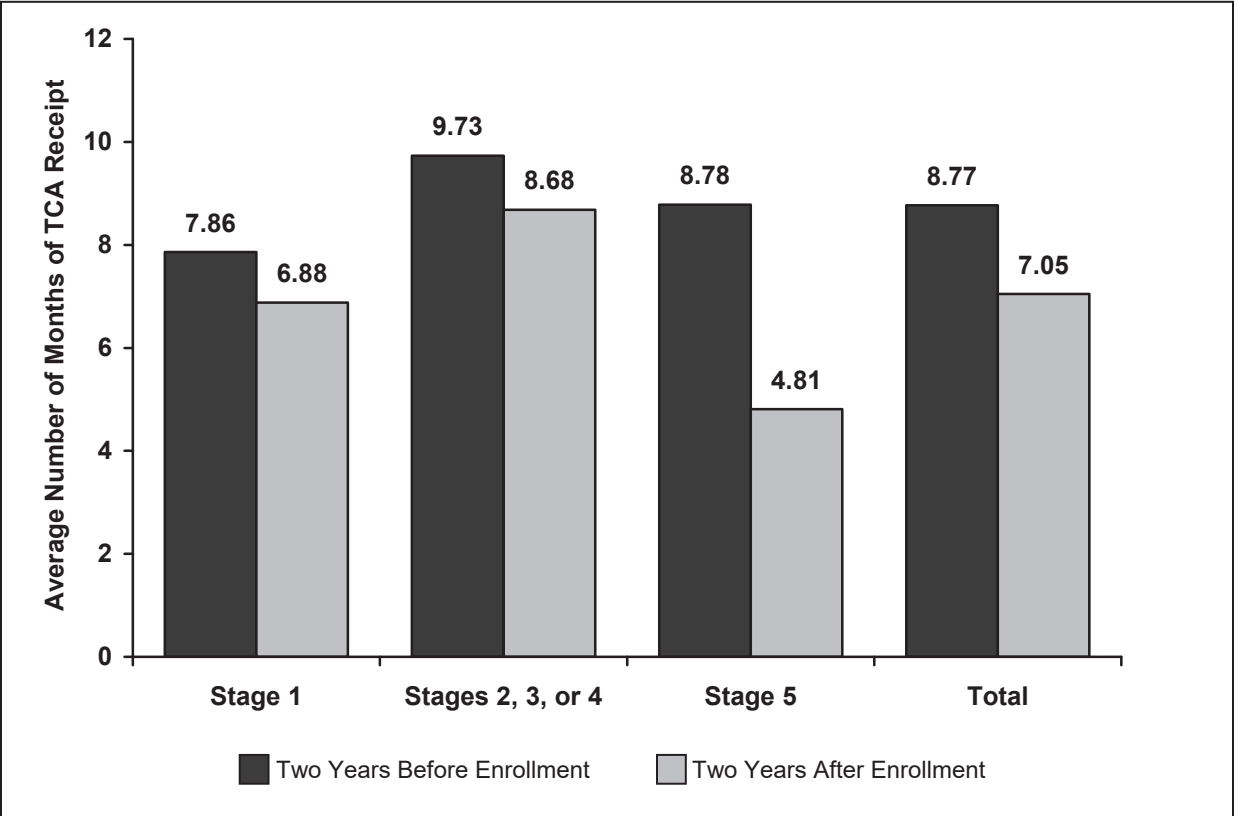
Participants who made it past Stage 1 and achieved at least one six-month period of consecutive support payments, but did not complete the program (i.e., Middle Stages), had pre- and post-program employment patterns that were somewhat different from both the Stage 1 and Stage 5 groups. Historically, their employment rates and stability more closely resembled Stage 1 participants, with the exception that they earned more on average per quarter. In the first year after their ALPP enrollment, obligors who made it to the Middle Stages experienced modest increases in employment rates and significant increases in earnings. However, these trends faltered in the second program year with employment rates dropping and earnings remaining relatively flat.

Child Utilization of Temporary Cash Assistance (TCA)

State-owed arrears balances accrue when children receive public assistance. Because all ALPP participants owed support arrears to the state at the time of enrollment, one logical outcome of their participation in the ALPP and consistent payment of current child support would be a decrease in their children’s welfare receipt. In this section, we examine that outcome by comparing Temporary Cash Assistance (TCA) receipt for children of our sample members before and after ALPP involvement. Following this discussion, Figure 4 shows the average number of months of TCA receipt for the 111 children of the 60 ALPP participants for whom we have two full years of follow-up data. For the sample as a whole, children average 8.77 months of TCA receipt in the two years before their parents took part in ALPP and 7.05 months of TCA receipt in the two years after the program.

There were no statistically significant differences among the three progress groups nor between the pre- and post-program periods. Although the differences were not significant, Figure 4 does suggest that changes in children’s welfare use correlates with their parents’ degree of success/progress in the ALPP. Overall, children of Stage 1 participants received the most TCA before and after enrollment, though there was a decrease from 7.86 months out of the previous 24 months to 6.88 months out of 24 follow-up months. For children of participants who achieved Stages 2, 3, or 4, the average number of TCA months overall was 9.73 before enrollment, and 8.68 months during the two-year follow-up period. Finally, the most drastic change is evident among Stage 5 participants, whose children received 8.78 months of TCA before enrollment, and only 4.81 months of assistance in the two years after enrollment.

Figure 4. Average Months of Child TCA Receipt by Stage



Child Support Payment Outcomes

It will be recalled that a primary purpose of arrears leveraging programs is to test the proposition that positive changes in payment behavior vis-à-vis current child support might be achieved if obligors are relieved of some of the financial burden associated with arrears or past-due child support owed to the state. The final set of analyses in this evaluation of the ALPP speaks to this most important, bottom-line issue: participants' payment of child support. Specifically, Table 5, following this discussion, presents information on payment consistency and amounts for the three progress groups for the year before, the 1st year after, and the 2nd year after ALPP enrollment.

Entire Sample

For program participants as a whole, the last set of columns in Table 5 shows that there were statistically significant positive changes over time. Overall, the number of months in which child support was paid increased from an average 2.90 months in the year before enrollment to 6.32 in the first year after enrollment, and 6.69 in the second year after enrollment. Total support paid more than doubled also, from an average of \$758.90 before enrollment to \$1,687.59 in the first follow-up year, and \$1,772.28 in the second follow-up year.

Also significant was the change in the percent of current support that was paid during the year. Obligors, overall, paid only about one-quarter of what they owed (25.3%) during the year before enrollment, with at least half paying nothing at all (median=0.0%). However, in the first year after enrollment, the average percent of child support paid increased to 64.1%, with one in two participants paying at least half of their current support obligation (median=55.1%). In the second post-program year, the average percent of support paid increased again to 89.8%. Notably, at least half of all participants paid at least 56.3% of their current support obligation.

Progress Group Comparisons

The first few rows of cells in Table 5 show that all three groups of participants evidenced statistically significant, positive changes over time in their child support payment behavior. In each group, in fact, the average number of months in which child support was paid essentially doubled between the year before enrollment and the first year after enrollment. Stage 1 participants paid, on average, in 1.41 months in the year before their ALPP enrollment, and in 3.36 months in the first post-program year. For Middle Stages participants, the comparable figures are 4.21 months and 8.17 months and, among Stage 5 participants, 4.20 months and 9.87 months. All of these changes are statistically significant.

Results for the second year after enrollment were less consistent. Those who completed the entire program (i.e., Stage 5 participants) continue to show improvement in payment behavior, increasing their frequency of payments to an average of 10.73 months out of 12 months. However, there was little change for Stage 1 participants and those in Stages 2, 3, or 4 actually paid less frequently, on average 7.81 months, in the second post-program year than in the first (8.17 months).

The middle rows of Table 5 show similarly positive results with regard to the total amount of current child support paid: the amount paid increased by two-fold for each of the study groups. In fact, the largest percent increase was among Stage 1 participants, whose average total payment in the year before enrollment equaled \$270.44, compared to \$746.35 in the year after. Despite a small decrease in the average total amount of support paid by Stage 1 members in the second post-program year (mean=\$722.86), the difference in amounts paid between the year before and the second year after is still statistically significant. Among participants reaching Stages 2, 3, or 4, the total amount paid also doubled, from \$1,156.78 in the year before enrollment to \$2,260.74 in the year after, and then decreased slightly to \$2,117.68 in the second follow-up year. Finally, Stage 5 participants paid a similar amount, on average, as the Middle Stages in the year before enrollment (mean=\$1,229.48). However, Stage 5 participants paid slightly more total support, on average, in the first post-program year than did Middle Stages participants (mean=\$2,841.29 vs. mean=\$2,260.74). Most notably, Stage 5 participants were the only group to also record an increase in total average payments during the second post-program year (\$3,731.22).

Before leaving this discussion, it is important to point out that these positive findings are not attributable to just one or two participants in each group. The median values in the table make this point quite clearly. For example, among Stage 1 participants, at least half (50%) of the group paid no child support at all in the year before enrollment in the pilot program; in contrast, at least half of all Stage 1 participants paid at least \$243.00 in the second follow-up year. The median amount of support paid increased ten-fold among Middle Stages participants, from \$166.00 in the year before enrollment to \$1,922.38 at the end of the follow-up period. Finally, the median value of total payments among Stage 5 participants increased from \$300.00 in the year before enrollment to \$3,731.22 in the second year after enrollment, also a ten-fold increase.

Despite consistent increases in the total amount and frequency of payments, the bottom third of Table 5 shows that changes in the percent of support paid before and after enrollment were less consistent across the groups. This might suggest that there may have been some changes in some obligors' support orders during the time of their ALPP participation. For example, Stage 1 participants paid an average of 12% of their child support obligation in the year before enrolling in the program and an average of 32% in the first year after enrollment. However, in the second year after enrollment, despite increases in both the frequency and total amount of payments, the average percent of support paid by Stage 1 participants dropped to 25.9%.

In contrast, there were significant increases in the percent of support paid among the Middle Stages participants, from 37.1% in the year before enrollment to 82.33% of support paid in the first year after enrollment, and 159.14%⁸ in the second follow-up year. However, there was one individual who paid an unusually high percent of their support during that year, which distorts the average (maximum percent paid=1,245.48%). Thus, for Middle Stages participants a better indicator is the median percent of support paid, which dropped from 78.74% in the first follow-up year to

⁸ It's also important to note that enforcement actions such as tax refund intercepts and driver's license suspensions continued while participants were enrolled in ALPP. Many of the higher payment amounts and percentages are likely to do these enforcement actions.

61.62% in the second year despite little change in the total amount paid between the years. It is also important to point out that at least one person in the Middle Stages group paid nothing in each of the two follow-up years (minimum=0%), indicating that their success in paying six consecutive months and achieving at least one expungement may have come after the first two follow-up years.

Among Stage 5 participants, the increases in the percent of total support paid were significant, positive, and consistent, from an average 35.8% in the year before enrollment to 106.8% in the first year afterward, and 131.0% during the second year. The median values for this group show a similar pattern, indicating that there were no significant outliers. Also, the minimum percent of support paid in the first year after enrollment was 33.3%, indicating that each of these sample members were paying at least some support before enrolling in the ALPP.

Table 5. Child Support Outcomes of Arrears Leveraging Participants

	Stage 1 (n=34)		Stages 2, 3, or 4 (n=24)		Stage 5 (n=15)		Total (n=73)	
	1 Year Before	1st Year After	1 Year Before	1st Year After	1 Year Before	1st Year After	1 Year Before	1st Year After
# of Months Child Support was Paid								
Mean	1.41	3.36**	4.21	8.17**	4.20	9.87***	2.90	6.32***
Median	0	2	1	10	3	11	0	6
Std Dev.	2.75	3.71	5.22	3.69	4.59	2.85	4.27	4.48
Range	0 to 9	0 to 12	0 to 12	0 to 12	0 to 12	4 to 12	0 to 12	0 to 12
Total Support Paid								
Mean	\$270.44	\$746.35**	\$1,156.78	\$2,260.74	\$1,229.48	\$2,841.29**	\$758.90	\$1,687.59***
Median	\$0.00	\$209.84	\$166.00	\$1,883.11	\$300.00	\$3,024.48	\$0.00	\$1,185.60
Std Dev.	\$586.83	\$1,019.92	\$1,644.80	\$1,689.61	\$2,113.99	\$1,451.27	\$1,450.03	\$1,616.46
Minimum	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$513.63	\$0.00	\$0.00
Maximum	\$2,428.00	\$4,005.00	\$4,989.61	\$6,663.30	\$8,075.35	\$5,651.67	\$8,075.35	\$6,663.30
% of Support Paid								
Mean	12.20%	31.53%	37.08%	82.33%**	35.88%	106.76%***	25.26%	64.14%***
Median	0.00%	12.21%	0.00%	78.74%	11.08%	96.37%	0.00%	55.12%
Std Dev.	27.83%	56.91%	46.95%	51.44%	52.45%	56.58%	41.80%	62.75%
Minimum	0.00%	0.00%	0.00%	0.00%	0.00%	33.28%	0.00%	0.00%
Maximum	118.37%	308.08%	133.78%	217.13%	163.81%	235.08%	163.81%	308.08%

*p<.05, **p<.01, ***p<.001

Arrears Expungements

Another child support outcome achieved by ALPP participants was, of course, forgiveness of their state-owed arrears. Table 6 displays data on the amount of arrears expungements participants received as of September 30, 2004. As expected given the requirements of the ALPP, we find statistically significant differences among the groups, with Stage 5 participants receiving higher levels of arrears forgiveness than Stage 1 participants. Overall, the average amount forgiven per obligor in the Stage 5 group was \$9,205.99, compared to \$6,468.32 for those reaching Stages 2, 3, or 4, and \$1,964.05 for Stage 1 participants.

Table 6 also provides data on the length of time (in months) between participants' enrollment date, and the date of their first expungement. Overall, Stage 5 participants waited about two and one-half years before receiving an expungement (mean=28.48 months), Stage 1 participants waited about two years (mean=24.73 months), and the Middle Stages group waited an average of about one and one-half years (mean=19.77 months). Although somewhat counterintuitive, there may be an explanation for this trend of Stage 5 participants experiencing the longest amount of lag time between their enrollment and expungements.

The original program design allowed for expungements to occur immediately upon eligibility, but several administrative obstacles arose during the life of the program, resulting in the postponement of any arrears forgiveness until about mid-way through the program's lifecycle. Thus, the expungements frequently occurred many months (if not years) after the participant reached the respective program milestone. In addition, those who enrolled early in the program waited significantly longer to see the benefits than those who enrolled more recently. We are unable to determine, in this study, the factors that may have influenced participants' ability or motivation to pay current child support while participating in the ALPP. However, it appears from the data presented in Table 6 that length of time between participants' achievement of the various program milestones and their receipt of the associated expungements could have had at least some dampening effect on the motivational effect of the expungements themselves. At minimum, it seems clear that expungements could not have provided any real-time motivation to keep making one's current child support payments.

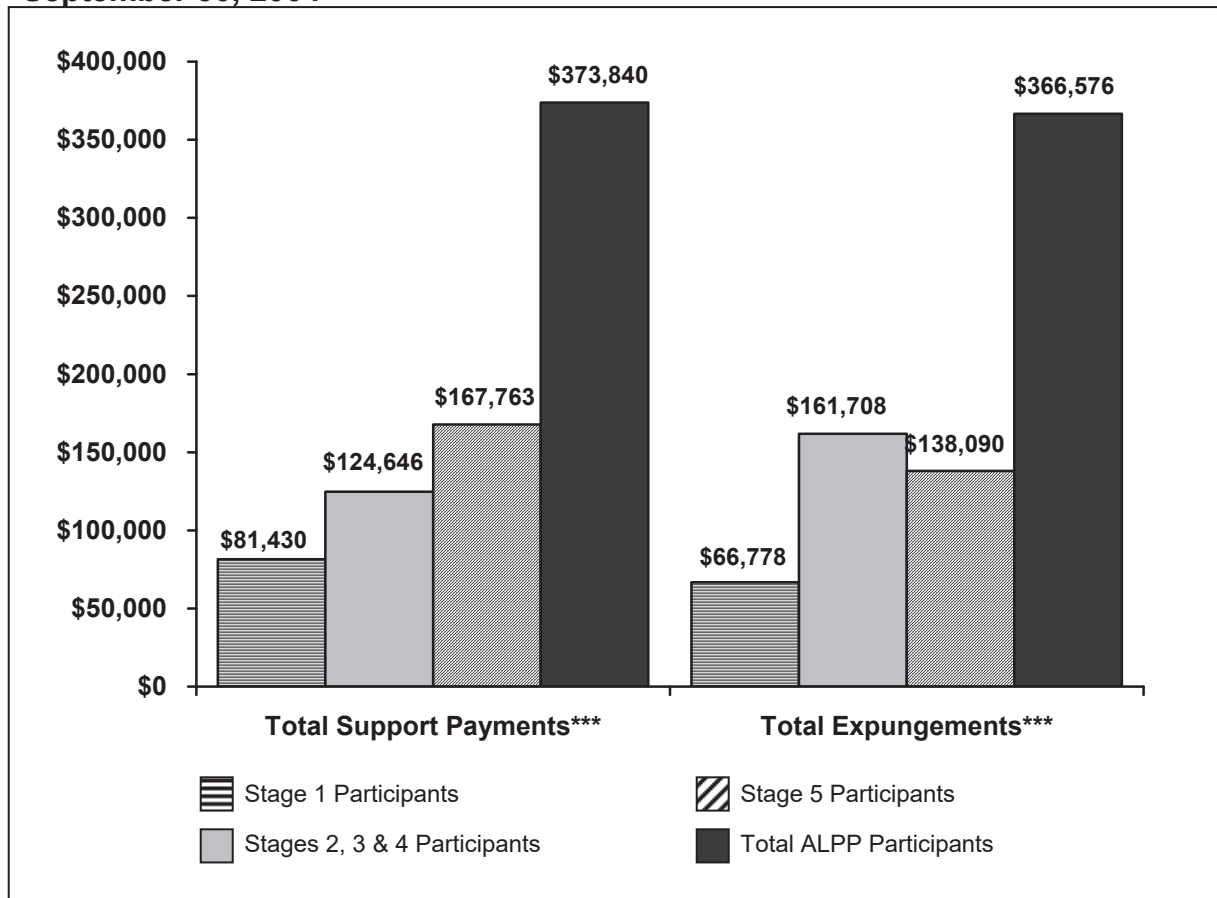
Table 6. Arrears Expungements for Arrears Leveraging Participants.

	Stage 1 (n=34)	Stage 2, 3, or 4 (n=25)	Stage 5 (n=15)	Total (n=74)
Amount Forgiven***				
Mean	\$1,964.06	\$6,468.32	\$9,205.99	\$4,953.73
Median	\$1,790.50	\$4,882.67	\$9,408.36	\$2,973.25
Standard deviation	\$1,436.50	\$5,966.73	\$5,177.03	\$5,142.14
Range	\$188.59 - \$5,946.76	\$665.43 - \$25,396.95	\$1,533.78 - \$18,327.00	\$188.59 - \$25,396.95
Number of months from enrollment to first expungement**				
Mean	24.73	19.77	28.48	23.81
Median	25.56	19.19	27.27	24.90
Standard deviation	9.01	7.23	5.65	8.40
Range	7.62 - 41.89	5.62 - 34.00	22.31 - 39.20	5.62 - 41.89

*p<.05, **p<.01, ***p<.001

In sum, while ALPP participants had their arrears balances decreased by a significant amount, they also increased both the frequency and amount of current child support they paid. Figure 5, following, displays the total amounts of both child support collected and arrears forgiven from participants' enrollment to the end of the study period (September 30, 2004). Overall, the ALPP participants paid about \$7,000 more in current support than was forgiven through expungements (\$373,840 vs. \$366,576) and as envisioned in the program design, those who paid more in current support received proportionately more arrears forgiveness. For instance, Stage 1 participants paid a total of \$81,430 in current support between ALPP enrollment and September 30, 2004, and received a total of \$66,778 in arrears forgiveness. Likewise, Stage 5 participants paid about twice the amount of current support (\$167,763), and received about twice the amount of expungements (\$138,090). Only among the Middle Stages group were total support payments (\$124,646) less than the amount of expungements received by participants (\$161,708).

Figure 5. Total Payments and Arrears Expungements from Enrollment to September 30, 2004



Note: N = 54; *p<.05, **p<.01, ***p<.001

CONCLUSIONS

In this report, we have compiled a wealth of administrative data concerning the employment, welfare and child support outcomes of the 74 participants who received arrears forgiveness through Maryland's ALPP. Our findings, in general, are consistent with the results of similar programs in other states and provide some indication that participants' employment, earnings, and payment of current child support increased. However, readers are also strongly cautioned that the evaluation was not based on an experimental design and thus it can not be assumed that the ALPP caused these outcomes. In fact, at least two factors lead to serious questions about the extent to which the concept of arrears leveraging explains the positive changes in employment and child support payment behavior found here.

First, it must be noted that all participants completed a CBO employment-focused program and perhaps those programs produced the increases in employment stability and earnings. Consistent with other similar studies, we find that employment outcomes were more positive for participants who progressed further in the ALPP, perhaps indicating that their payment of child support was more contingent on their incomes than on the incentive of having their state-owed child support debt forgiven. In fact, before their enrollment in the arrears forgiveness project, those who eventually completed paid three times more of their current support than participants who never advanced beyond the first stage. These findings are consistent with the increasingly well-accepted notion that not all non-paying child support obligors are unwilling to pay, but that many are simply unable to do so.

The second serious limitation of the ALPP and this evaluation centers on the fact that, due to unanticipated and unavoidable problems, expungements typically occurred almost two years after the participant had reached the first program milestone. Given this extreme time delay between the behavior (payments on current child support) and the reward (arrears forgiveness), it is extremely doubtful that obligors were motivated or encouraged to keep paying their current child support because they saw their state-owed arrears balances decrease. In other words, the inability to achieve timely expungements means that the pilot program was an inadequate test of the use of arrears forgiveness as a motivator for obligors to pay current support.

These limitations notwithstanding, it is important to keep in mind that the ALPP was a pilot project and that participants did work more, earn more, and pay more in current support than was forgiven in arrears. Each of these outcomes alone is a positive one given the data presented on participants' employment, earnings, and child support payment behavior prior to the start of the pilot program. Achieving positive results for at least some participants on all of these indicators suggests to us that, despite implementation difficulties, the fundamental notion behind the ALPP – helping non-custodial parents to be able to meet their current child support payments – remains a valid one. In the case of the ALPP, it appears that participation in and graduation from a community-based employment program, rather than the payment/expungement behavior-reward link, may have been the important facilitating factor.

Our most general conclusion thus would be that further testing and evaluation of creative employment and/or expungement programs for the non-custodial parent population should be pursued based on the promising, if not totally as expected, results of this pilot. In considering how to organize, operate, and evaluate any subsequent arrears forgiveness programs, in Maryland or elsewhere, we would offer the following suggestions based on the lessons learned from the ALPP.

- 1) Because the goal of arrears forgiveness is to improve payment of current support among low-income obligors, it is highly recommended that any project include an employment services component.**

Previous studies as well as the data presented here indicate that child support payment improves when an obligor's employment and earnings improve. Thus, we echo the recommendation of Pearson and Davis (2002) that any arrears forgiveness program include the provision of employment-related services. Some thought should perhaps also be given to making some type of job retention/replacement services available to participants during at least the first follow-up year.

- 2) To effectively operate and manage arrears leveraging programs, strong relationships must be forged, in advance of the project start date, among all organizations that will be involved in the project or its evaluation. A liaison familiar with the goals and design of the project should be designated at each organization to ensure smooth communications.**

Most, if not all, arrears forgiveness programs will involve multiple agencies or organizations. For example, the ALPP involved a number of organizations with various roles in the program. CSEA was responsible for overall program operations, including enrolling participants, tracking their progress, and preparing legal pleadings. The six CBOs identified possible participants and provided employment services. The Baltimore City Office of Child Support Enforcement performed audits on participant cases and certified arrears balances. Finally, the Circuit Court for Baltimore City ruled on the pleadings submitted and ordered the arrears expungements and the University of Maryland School of Social Work evaluated program outcomes.

To facilitate smooth program operation, it is strongly recommended that all agencies or groups with a role in the arrears forgiveness process be identified and that liaisons from each organization be appointed before program implementation. Having a strong communication system ahead of time will avoid significant delays in program operations. For example, in the case of the ALPP, most participants experienced a significant delay between their achievement of program milestones and forgiveness of their arrears because CSEA had difficulty obtaining certifications from the Baltimore City office in a timely manner. Part of the problem was unavoidable as the Baltimore City child support program is operated by a private vendor and that vendor changed during the course of the ALPP. However, to the extent possible, having key staff who are knowledgeable about the program will ensure smooth program implementation.

3) Criteria for program eligibility should be carefully considered and established before implementation.

Although the ALPP had a number of specific criteria for program eligibility (e.g., active Baltimore City case with an order for current support and balance of state-owed arrears), these criteria should likely be expanded for future arrears leveraging projects. For example, agencies may wish to consider a minimum balance of state-owed arrears. If the goal is for the forgiveness of arrears to serve as a motivator for paying current support, it may not make sense to include obligors with low arrears balances that will likely be wiped out with one tax refund intercept. Depending on the length of the program and the amount of current support payment required at each stage, agencies may also want to consider how close the obligor's children are to emancipation. Again, it may not make sense to enroll participants who will have no current support due in a few months because their children will reach the age of majority.

4) The process for enrolling clients and verifying eligibility should be well-established and clear to all organizations involved. If possible, agencies should develop a standard enrollment form for participants.

Any agencies considering implementing an arrears leveraging program should keep in mind that child support cases are dynamic and complex, and often obligors are unsure about the status of their own cases. Thus, it is highly recommended that the process for enrolling clients and verifying their eligibility be well-established before the program begins and clearly articulated to all organizations involved. For the ALPP, a standardized process was eventually adopted. The process worked as follows: the CBOs identified possible participants; participants completed a standard enrollment form that was submitted to CSEA; CSEA reviewed the application and identified the applicants' eligible child support cases; and CSEA notified the CBO of the participant's eligibility. Had this process been in place at the beginning of the program, a great deal of confusion regarding who was and was not eligible for the program could have been avoided.

5) Agencies should consider the implications of having other enforcement actions occur simultaneously with an obligor's participation in an arrears leveraging project.

While the ALPP was operating, other enforcement actions such as tax refund intercepts and driver's license suspensions were also occurring. For participants, these actions produced at least two consequences. First, some of these actions reduced their arrears balances before their expungement orders were ever signed and processed. When the fiscal unit received the expungement order reflecting different starting and ending arrears balances, there was sometimes confusion as to whether the current balance should be adjusted by a specific amount (the amount expunged) or just changed to the ending balance specified on the expungement order.

Second, some ALPP participants had their driver's licenses suspended and this could have jeopardized their employment. Although this occurrence was unanticipated at the beginning of the project, the ALPP project director was active in working with these participants to obtain a work-restricted driver's license. These two examples illustrate the importance of considering the possible consequences of enforcement actions for arrears leveraging programs and participants.

6) Child support agencies should consider the possible need for support order modifications for arrears leveraging participants.

The employment and welfare utilization data presented in this report show that the income of ALPP participants changed quite a bit during the four-year study period. For child support agencies, these changes suggest the possible need for order modifications – both downward and upward - among these obligors. For example, participants' income when they enrolled in the ALPP may have been less than when their support orders were established, justifying a downward modification. Similarly, most participants' earnings increase significantly over time, perhaps justifying an upward modification on the current support order.

7) Any arrears leveraging program should include an evaluation component that is implemented simultaneously with the program.

Finally, we strongly recommend that agencies include a program evaluation component in their arrears leveraging program. Ideally, such evaluations would be based on an experimental design where eligible participants are randomly assigned to either an arrears leveraging group or a comparison group. An experimental design would best test the effects of the arrears forgiveness concept separate from employment-related services and allow agencies to truly see if forgiving state-owed arrears causes obligors to pay current support.

REFERENCES

- Bartfeld, J. & Meyer, D. R. (2003). Child support compliance among discretionary and nondiscretionary obligors. *Social Service Review*, 77, 347-372.
- Office Child Support Enforcement (2000). *State IV-D program flexibility with respect to low income obligors*. Washington, D.C.: U.S. Department of Health and Human Services. Accessed online 1/14/05 at:
<http://www.acf.hhs.gov/programs/cse/pol/PIQ/piq-00-03.htm>.
- Office of Child Support Enforcement (2004a). *Child support enforcement FY 2003 preliminary data report*. Washington, DC: U.S. Department of Health and Human Services. Accessed online 1/17/05 at:
http://www.acf.hhs.gov/programs/cse/pubs/2004/reports/preliminary_data.
- Office of Child Support Enforcement (2004b). *The story behind the numbers: Who owes the child support debt?* Washington, DC: U.S. Department of Health and Human Services. Accessed online 1/14/05 at:
<http://www.acf.hhs.gov/programs/cse/pol/IM/2004/im-04-04a.doc>
- Pearson, J. & Davis, L. (2002). *An evaluation of the Colorado Arrears Forgiveness Demonstration Project*. Denver, CO: Center for Policy Research.
- Pearson, J. & Griswold, E. (2001). *New approaches to child support arrears: A survey of state policies and practices*. Denver, CO: Center for Policy Research.
- Primus, W., and Daugirdas, K. (2000). *Improving child well-being by focusing on low-income non-custodial parents in Maryland*. Baltimore: The Abell Foundation.
- Pukstas, K., Albrecht, D., Auten, L., Drew, V., & Dabruzzo, S. (2004). *Arrears management for low-income noncustodial parents evaluation report*. St. Paul, MN: Minnesota Department of Human Services.
- Sorensen, E. (2003). *Examining child support arrears in California: The collectibility study*. Washington, D.C.: The Urban Institute.
- Sorensen, E., and Zibman, C. (2000). *To what extent do children benefit from child support?* Washington, DC: The Urban Institute.
- U.S. House of Representatives. (2004). *2004 Green Book*. Washington, D.C.: U.S. Government Printing Office.