

# ARREARS LEVERAGING PILOT PROJECT: OUTCOMES ACHIEVED & LESSONS LEARNED

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**Paper presented at the 45<sup>th</sup> Annual Workshop of the  
National Association for Welfare Research and Statistics**

This research was funded by The Maryland Department of Human Resources,  
Child Support Enforcement Administration

# 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



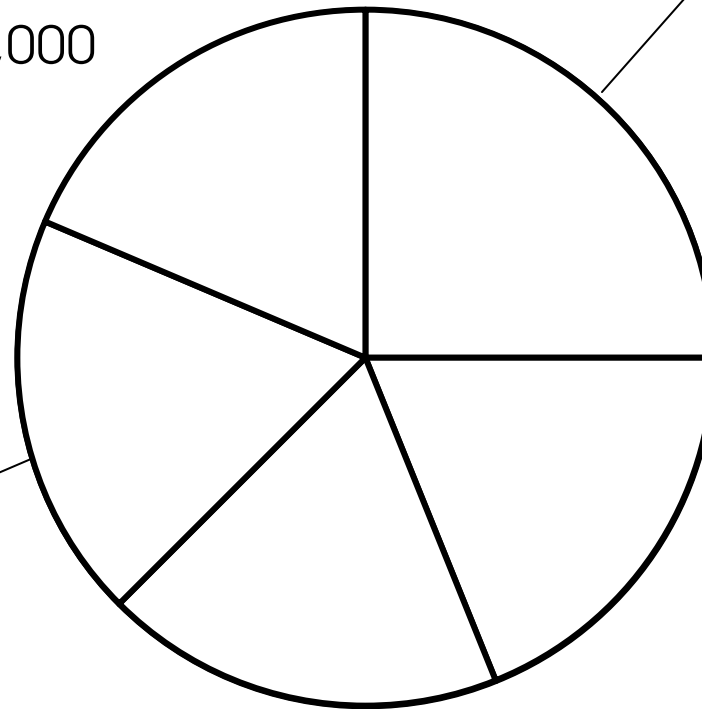
- 25% of State-Owed Arrears eligible for forgiveness upon completion of CBO program.
- Remaining balance divided into 4 equal parts, each of which was eligible for forgiveness after 6 consecutive months of current child support payments.
- Allowed up to 5 years to complete the program; participants were 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

$\frac{1}{4}$  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

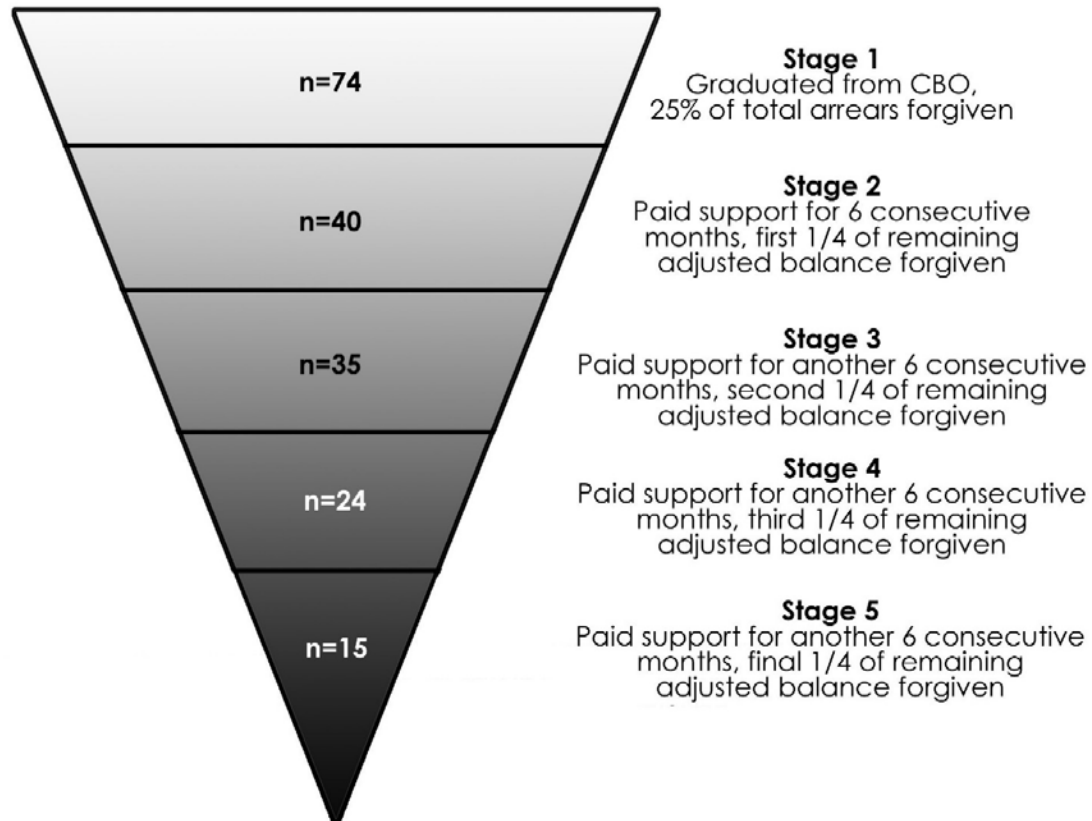


- Division of Sample into 3 groups:
  - **Stage 1** (45.9%, n=34): participants who completed the CBO program, and received a 25% expungement, but went no further in the pilot program.
  - **Stages 2, 3, or 4** (33.8%, n=25): participants who completed the CBO program as well as 1, 2, or 3 six-month 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



# 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:

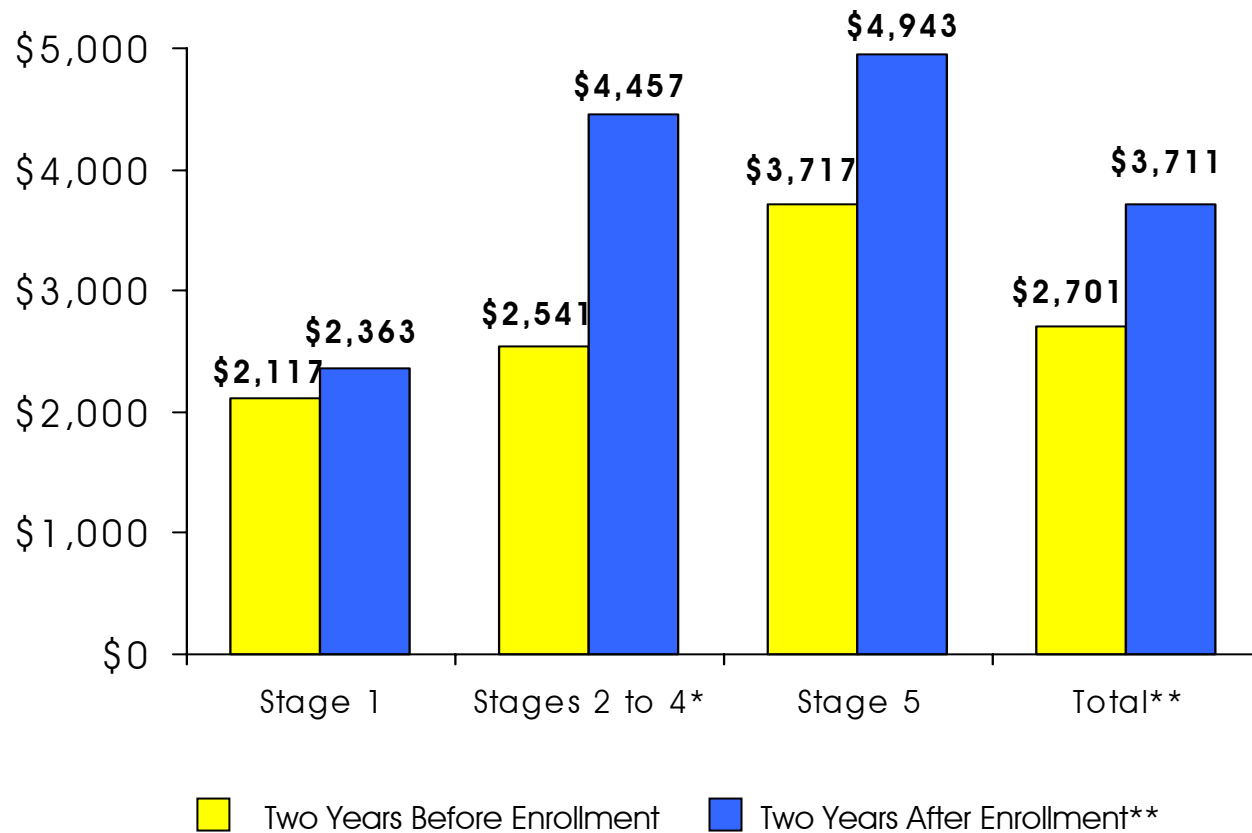
## Public Welfare Utilization



- **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 1<sup>st</sup> year after enrollment
  - **20.8%** received benefits in the 2<sup>nd</sup> year after enrollment

# Findings:

## Quarterly Earnings Before and After Enrollment



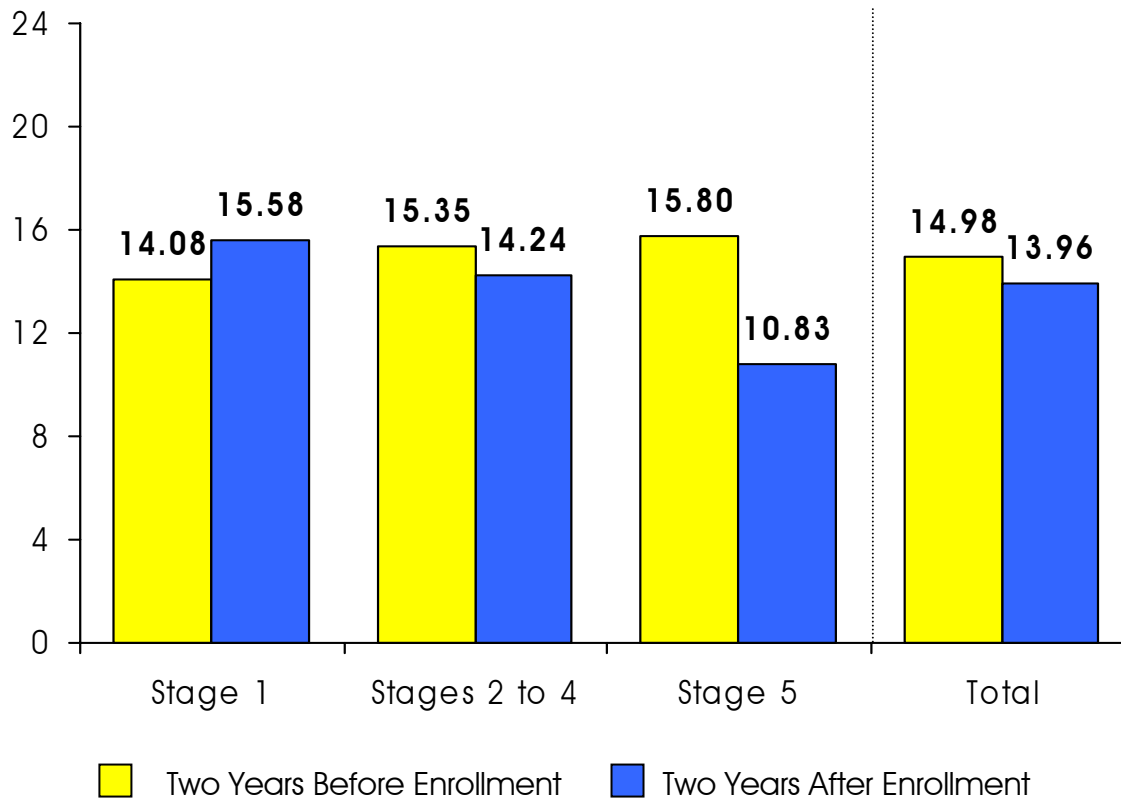
Note: n=52, \*p<.05, \*\*p<.01, \*\*\*p<.001

# Findings:

## TANF Cash Benefit Receipt of Participants' Children

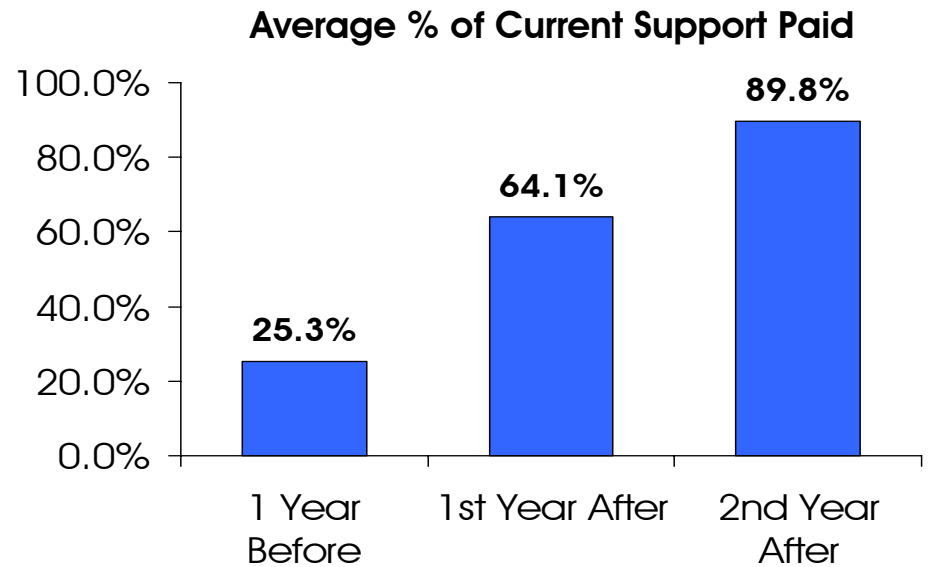
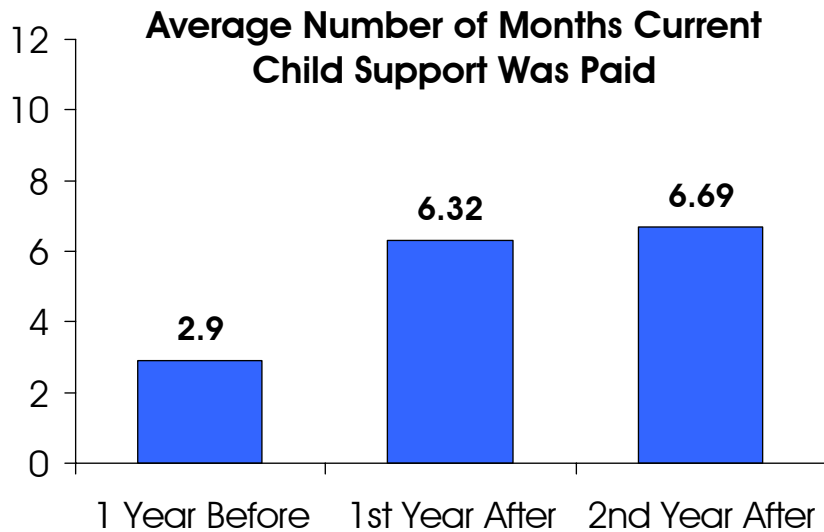


Average # of Months of TCA receipt Before and After ALPP Enrollment



# Findings:

## Child Support Outcomes For All Participants

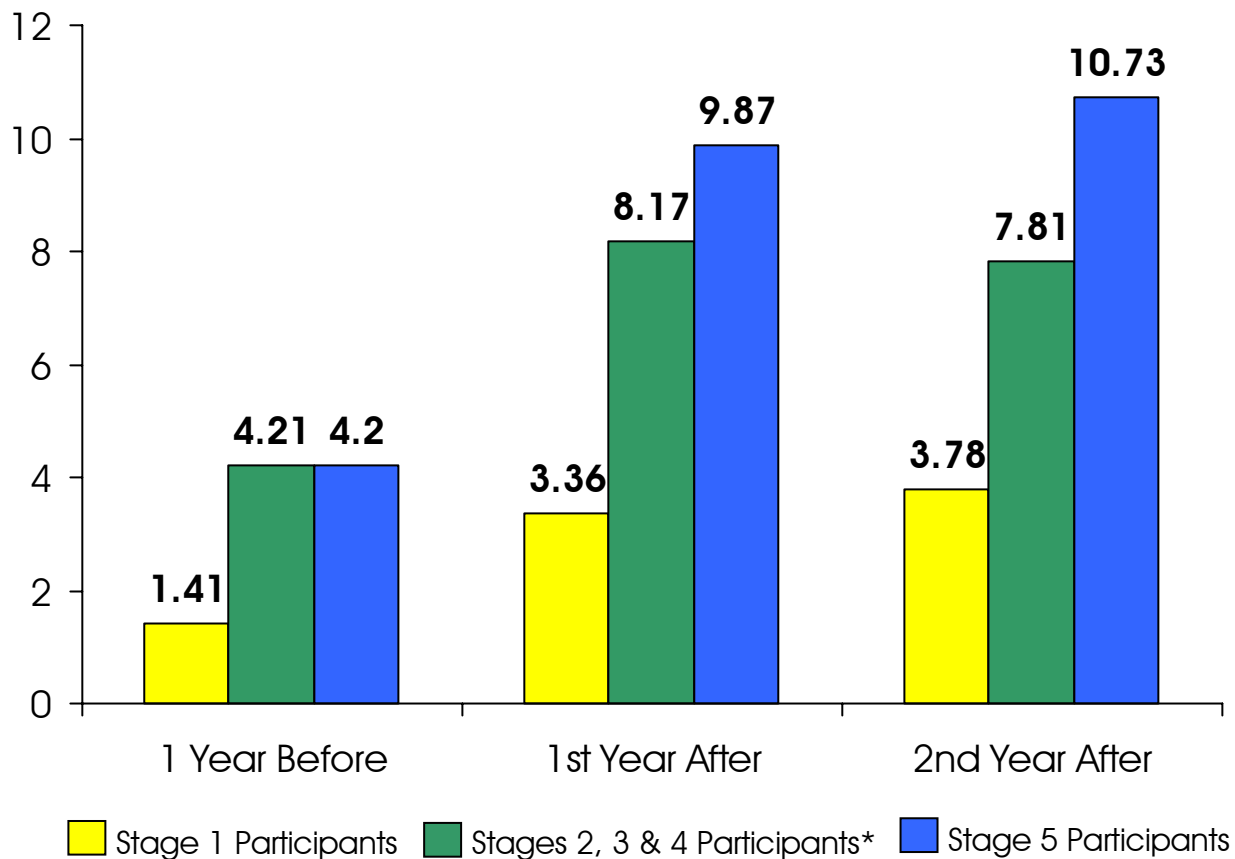


# Findings:

## Child Support Outcomes For Separate Groups



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

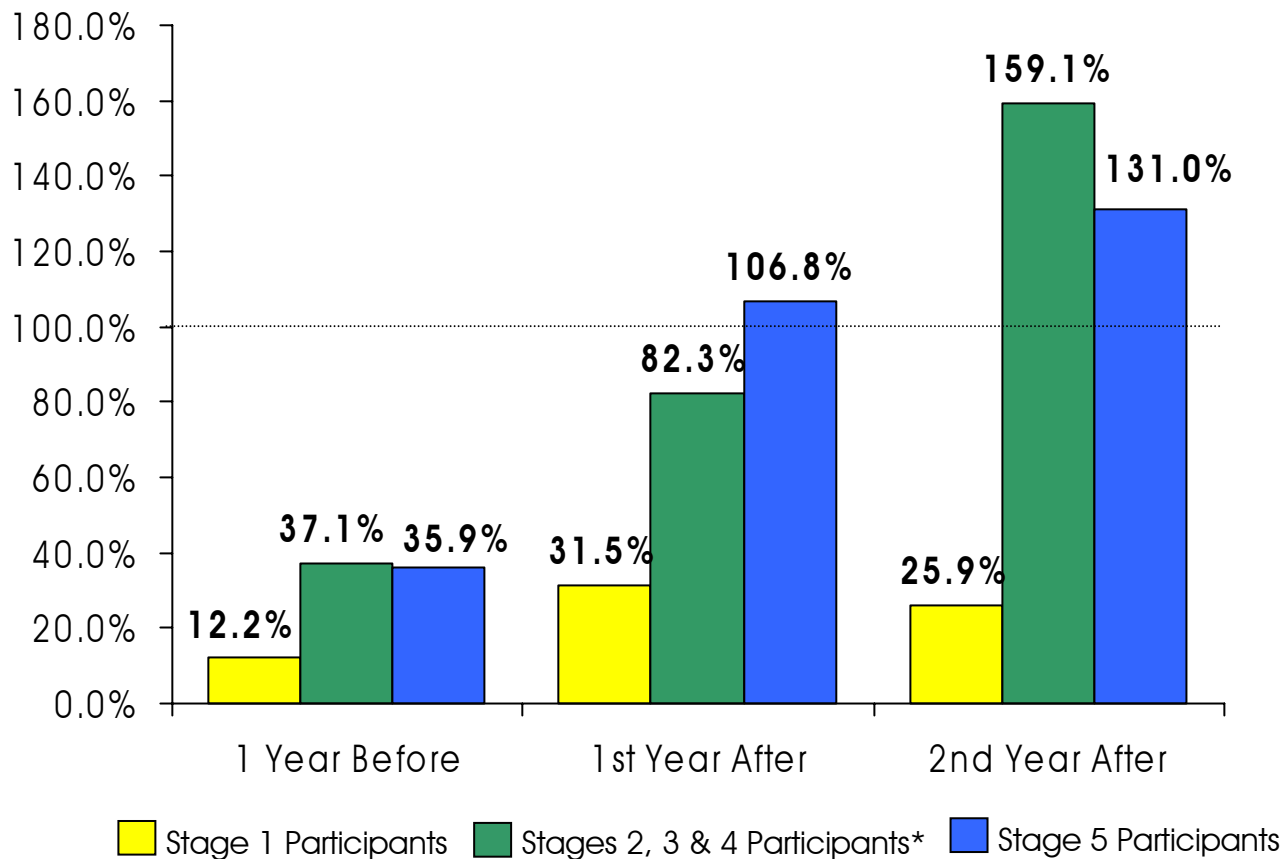


# Findings:

## Child Support Outcomes For Separate Groups



Mean Percent of Current Support Paid Before and After ALPP Enrollment



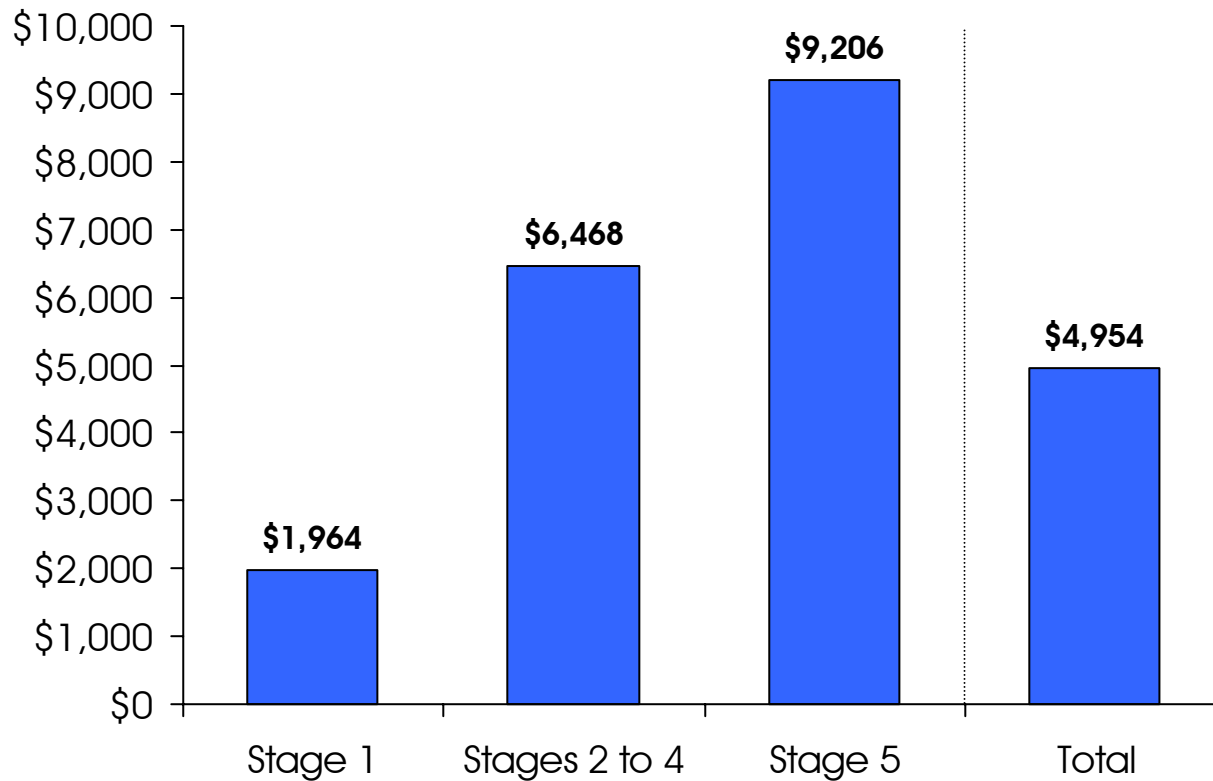


# Findings:

## Arrears Expungement

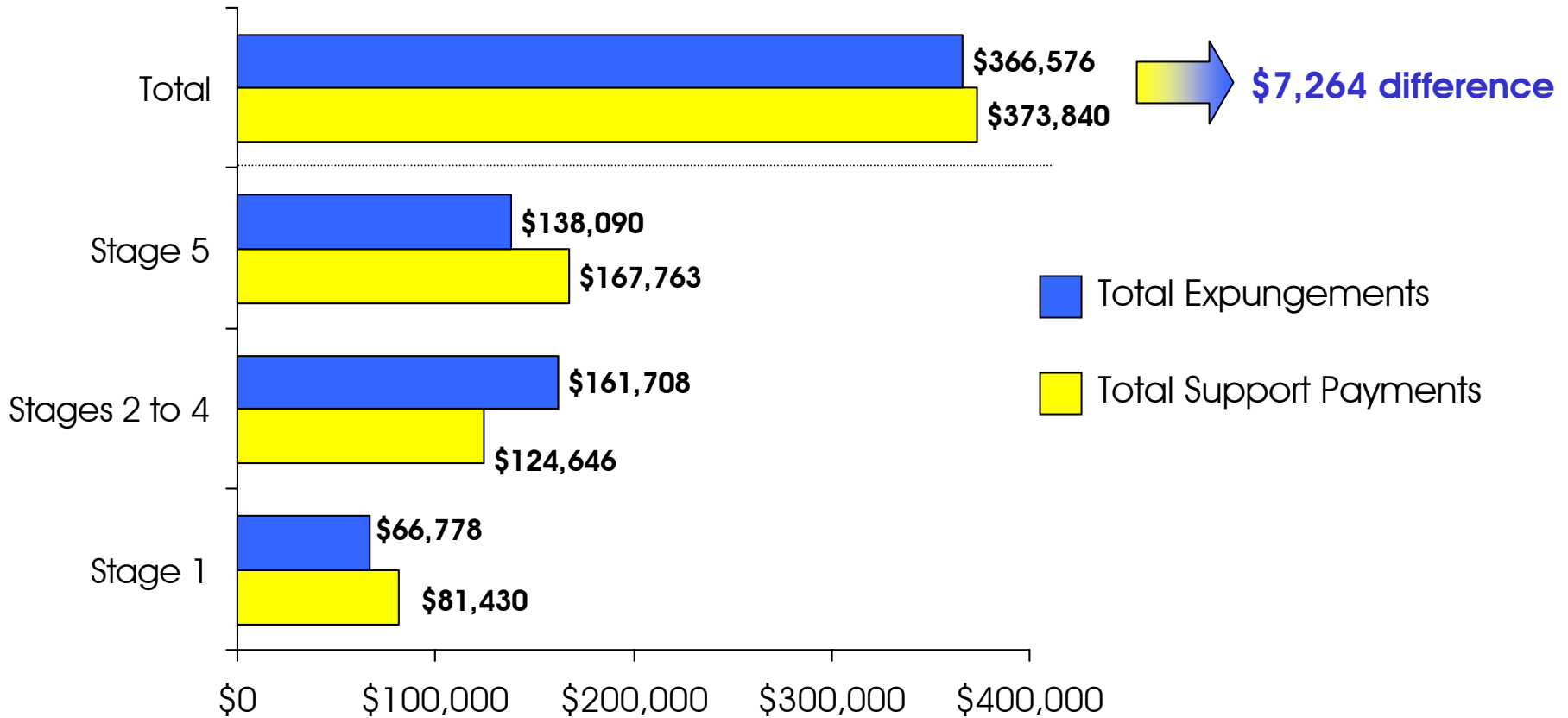


Average Amount of Arrears Forgiven Per Obligor



# Findings:

## Current Support Paid vs. Arrears Forgiven



# 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!

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Or visit our website:  
**[www.familywelfare.umaryland.edu](http://www.familywelfare.umaryland.edu)**

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