

Determining the Composition and Collectibility of Child Support Arrearages

Volume 2: *The Case Assessment*

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Determining the Composition and Collectibility of Child Support Arrearages

Volume 2: Case Assessment Executive Summary

This document is the second part of a two-volume report on the findings of the research project Determining the Composition and Collectibility of Child Support Arrearages. The research was funded by a federal Office of Child Support Enforcement grant (#90-FD-0027) to the Washington State Division of Child Support.

The project had two main parts, each carried out by one of the project's co-investigators. Volume 1 of the final report, written by Carl Formoso, Ph.D., presented the findings of the longitudinal analysis. The present volume, by Jo Peters, Ph.D., presents the findings of the case assessment.

The project was a study to determine the patterns of debt behavior in Washington State child support (IV-D) cases. The goals were to understand the processes and components of child support that lead to large debts; document the mitigating effects of interventions on collectibility; determine the impact of law and policies on debt growth; and recommend changes that will lead to lower arrearages.

The longitudinal study began with all noncustodial parents (over 240,000) in the DCS case load in third quarter 1995. It then tracked this cohort back for seven quarters to fourth quarter 1993 and forward seven quarters to second quarter 1997. It examined child support program data, reported wages, and public services data for these NCPs over the 15 quarters.

The case assessment provided an intensive look at NCPs sampled from the cohort used in the longitudinal study. The case assessment covered a more comprehensive time frame than the 15 quarters, looking at the whole history of the NCP's involvement with DCS up to March 2001. It examined order setting and maintenance under the specific child support guidelines of Washington State, the quality of field staff's locate and collection work, payment and debt records, and characteristics of the NCP that constituted barriers to collection (such as corrections records). The case assessment integrated policy recommendations with its analysis of the reasons for past debt growth.

Case Assessment Sample: Four Debt Patterns

On the basis of arrearage behavior over the 15 quarters, four distinct debt patterns were identified as of particular interest for intensive examination in the case assessment. These four debt patterns are:

- steadily increasing arrears (13,993 NCPs);
- steadily decreasing arrears (3,084 NCPs);
- intermittent, with at least four separate spells of arrearage behavior, including spells of increasing and/or decreasing arrearage (133,702 NCPs); and
- no change in arrears over 15 quarters (11,015 NCPs).

About 200 parents were sampled from each debt pattern for the case assessment, with a final sample size of 794. For the case assessment, two patterns received the most scrutiny. The Increasing debt pattern represented only 5.8 percent of NCPs, but that 5.8 percent produced 17.8 percent of the total arrears increase of \$1.134 billion over 15 quarters found in the longitudinal study. The Intermittent pattern represented by far the largest group and the “typical” NCP in the case load.

Summary of Findings

The central finding of this project was that debt growth occurred mainly among low-income NCPs whose monthly order amount (MOA, or current support) was set too high for their reported wages. The ratio of monthly order amount to the NCP’s reported gross wages (MTW ratio) was strongly related to debt patterns. Debt is concentrated; the majority of the debt belongs to a minority of NCPs. The case assessment found that NCPs in the Increasing debt pattern with reported wages showed a *median* MTW ratio of 1.77 during the 15-quarter period; that is, the median MOA was almost 1.8 times as high as monthly wages, while the mean was more than 27 times as high as wages. Not surprisingly, the result was that debt multiplied, and payments were not made.

More generally, the longitudinal study showed that when the MOA exceeded 20 percent of reported gross wages, child support debt usually grew. The longitudinal study also found that for NCPs with gross monthly wages less than \$1,400, orders were on average set too high to prevent arrearage growth. In contrast, as monthly income increased above \$1,400, the MTW ratio gradually fell, so that orders were set much lower than NCPs could have paid.

This finding suggests that the MTW ratio (ratio of MOA to wages) may be a useful screening tool to help determine whether the order is likely to lead to

later debt growth. If the order exceeds the “practical limit” of 20 percent of gross income, as opposed to the legal limits imposed by child support guidelines, some debt growth is likely. It should be noted that this “practical limit” applies to the combined order amount for NCPs with multiple orders. In Washington State the legal limit is 45 percent of the NCP’s net income for a single order.

The case assessment sought to understand why child support orders were so incongruent with wages in the Increasing debt pattern and what prevented effective intervention to reverse debt growth in the Increasing debt pattern. It then considered what policies and procedures should be changed to produce better outcomes. The child support agency does not control the Washington State Child Support Schedule. Moreover, judges and prosecutors have much discretion over the court orders DCS must enforce. Managing orders effectively and minimizing debt growth in these circumstances will require negotiation, prudence, and good judgment in applying the rules. Accordingly, the case assessment devoted attention to careful examination of the Schedule itself as well as practices in imputing income and managing orders for NCPs with difficult circumstances.

The existing Schedule contributes to debt growth and to uneven ratios of monthly order to wages. Establishing orders according to the Schedule can lead to debt growth in some IV-D cases because the order will be too high for the NCP to pay and still maintain the NCP’s own household. However, the Schedule will usually work for IV-D cases so long as actual income is used and the NCP does not have multiple orders.

The case assessment found that much debt growth results from practices adopted by DCS and affiliated prosecutors in order setting that are not actually required by the Schedule. In some cases reviewed, strict application of the Schedule would have resulted in lower orders. This analysis suggests that DCS has the capacity to limit debt growth significantly while working with the Schedule in setting and maintaining orders.

Outcomes by Debt Pattern in the Case Assessment Sample

Except for the Increasing debt pattern, this was generally a picture of successful collections. In three out of the four debt patterns, the NCPs had paid most of their obligation. Most NCPs—even in the Increasing pattern—had paid some child support. Although some NCPs in the Decreasing, Intermittent, and No Change patterns still owed some debt, the amount tended to be rather small. The picture for the Increasing pattern was very different. The summed debt remaining for the Increasing pattern was higher than the summed payments for any of the other patterns, and the mean debt was over \$30,000.

Child Support Orders

The NCPs in the four debt patterns showed distinctive payment and debt records. The factors found to be most relevant to explaining these differences were order setting and maintenance, and intractable barriers to collection among NCPs. Order setting and maintenance was by far the most significant factor associated with debt growth. Four major issues related to orders are summarized here.

Ratio of Monthly Order to Reported Wages

The ratio of monthly support amount (current support) to reported wages was a critical difference between debt patterns. (Here case assessment analysis was restricted to the relationship of orders, wages, and payments for the 15 quarters from 1993-1997 because of data limitations.)

The median MTW ratios differed considerably for the four debt patterns. The Increasing pattern's ratio was 1.77; the Decreasing pattern's was .044; the Intermittent pattern's was .197; and the No Change pattern's was .113. For NCPs in the Increasing debt pattern, the average monthly order was higher than their average wages during the 15-quarter period. Moreover, these NCPs had the highest monthly order amounts of the four debt patterns as well as the lowest wages. For NCPs in the Intermittent debt pattern—whose debt went up and down over 15 quarters with a small net increase—the MTW ratio was about .20. For NCPs with the other two debt patterns, monthly orders were a much smaller percentage of monthly wages.

Why were monthly order amounts higher than wages for the Increasing debt pattern? We could not tell in every instance, but the major reasons appear to be these:

- Default orders based on imputed income may have been too high for actual income from the beginning. Income was imputed in various ways. About 10 percent of orders in the Increasing debt pattern were imputed on the basis of national median net income for the individual's gender and age group. A more common method has been to impute full time employment on the basis of an hourly rate earned at a temporary or part-time job.
- The monthly order amount sometimes is a combined order amount. NCPs in the Increasing debt pattern were more likely than others to have multiple orders and multiple cases. The legal limit applies to a single

order but does not prevent cumulative order amounts from exceeding 45 percent of net income.

- Even if an order was correctly set for actual income when entered, it may become inaccurate later due to job losses or other problems. This leads us to the next issue.

Lack of Modifications

Once orders were set, they were seldom modified. Only 10.5 percent of the cases in the Increasing debt pattern had ever been modified, and cases in the Intermittent pattern were only slightly better with 14.1 percent. Across all debt patterns, cases that had never been public assistance had the highest percentage of modifications. Given federal and DCS requirements that AFDC/TANF cases be reviewed for modification every three years, this was a perplexing finding. We found two major problems.

- The process for modifying court orders is complex and time consuming. Parents become discouraged about completing it on their own, and many cannot afford an attorney to help them.
- DCS is required to review public assistance cases for modification periodically. Parents with nonassistance cases can also request that DCS review their orders for modification. Upon review, if the case meets certain criteria, DCS will refer the order for modification. But the review criteria serve a gate-keeping function of restricting modifications, and they are strictly applied. Probably the most critical of the review criteria is that “the change in the support order will be greater than 25 percent *and* \$100 per month.” These criteria appear to have a more restrictive impact on low-income NCPs than on those with higher incomes. The result is that DCS conducts timely reviews for modification rather than timely modifications.

Judgments and Other Initial Debt

Many NCPs faced a large initial debt before they were ever delinquent with a payment. Some national researchers refer to such initial debt as “retroactive support.” In our sample, the percentage of NCPs with initial debt ranged from 74.4 percent of the Increasing debt pattern down to 38.7 percent of the No Change pattern.

Most initial debt came from court-ordered judgments set with the child support order; a smaller amount came from initial debt set on administrative orders.

For each debt pattern, the largest amount of initial debt consists of court-ordered judgments assigned to DSHS (the parent agency of DCS).

Why is initial debt a source of concern? A large judgment may discourage the NCP from paying anything. What is the point of trying to pay current support, when the initial debt is so hopelessly large that the NCP will not be able to catch up? The danger is that setting a large judgment will destroy the incentive to comply with the current support order.

Paternity Orders and Initial Debt

Paternity orders were disproportionately associated with the Increasing debt pattern. Of NCPs in this debt pattern, 45.7 percent had at least one paternity order, while the comparable percentage for the Intermittent pattern was 27.1 percent. For cases in the Increasing debt pattern, 38.5 percent of the original orders setting support were paternity orders, and at least 60 percent of these were default. Even within the Increasing debt pattern, there was a marked contrast between NCPs with paternity orders and those without them in amount of initial debt and in payment and debt outcomes.

Yet paternity orders by themselves did not seem so problematic. The problem was that they usually came with high DSHS judgments. Moreover, NCPs with paternity orders were more likely to have multiple cases and therefore higher monthly order amounts. Consequently, within the Increasing and Intermittent debt patterns, NCPs with paternity orders held a disproportionate share of the debt. To be more precise, NCPs with paternity orders combined with initial judgments and multiple cases generated the most debt. In the Increasing debt pattern, 30.7 percent of NCPs held 45.6 percent of the total debt remaining for the Increasing pattern sample in March 2001. In the Intermittent debt pattern, 15.6 percent of the NCPs held 50.7 percent of the Intermittent pattern's total debt in March 2001.

Barriers to Collection

The case assessment found that certain intractable barriers to collection were associated with debt patterns. The barriers examined here and the percentage of Increasing pattern NCPs with each barrier were as follows: corrections record (49.8 percent); history of receiving public assistance/grants (51.8 percent); multiple IV-D cases as NCP (51.3 percent); NCP also the custodial parent (CP) on another IV-D case (16.1 percent); and documented drug/alcohol abuse (25.1 percent). The Intermittent pattern had a higher percentage than the Increasing of NCPs who also were CPs (20.1 percent).

Multiple cases present an especially difficult problem for the IV-D agency. Generally, for the other barriers listed, the agency might seek to manage debt by lowering monthly orders. Certainly, if we see a high monthly order for an incarcerated NCP or for an individual with a public assistance history, we might seek to modify the order. But NCPs *should* have higher combined monthly order amounts when they have multiple cases involving orders for different parent partners with children in different households.

But multiple cases are not always evidence that the NCP owes support to multiple parent partners with their children. They may also indicate family disintegration within the CP's household. Children may move in and out of foster care, or one child may move in with grandmother while another lives with an aunt, and a third stays with mother. If a child moves successively from one custodian to another, higher order amounts should not necessarily result for the NCP. Consequently, the case assessment looked in considerable detail at the household patterns associated with multiple cases. We found that as the number of cases increased, so did the likelihood that the custodian was not a parent. Grandmothers and aunts were the most frequently found custodians when the mother was not the CP on the case.

Because the Increasing debt pattern showed a higher incidence of multiple cases and more complex family relationships than the other debt patterns—in addition to higher percentage of the other barriers—we found it difficult to judge whether the higher average obligations of the Increasing pattern were justified. We therefore constructed controlled comparisons of obligation per child, per case, per parent partner, and per original order for the debt patterns and tested them for significance. We found that the Increasing debt pattern was significantly higher on obligation per child, per parent partner, and per CP than the Intermittent pattern. Yet our earlier income comparisons showed that the Increasing debt pattern had much lower income than the other debt patterns, which should have led to lower support amounts.

Even though the Increasing debt pattern showed more barriers and more complex family relations than the others, these factors did not explain the higher average obligations for this debt pattern. On the contrary, our comparison showed more evidence of the underlying problems with orders that led to escalating arrears in this section of the case load.

Impact of Case Work (Locate, Collection) and Debt Management

For years the major emphasis of the IV-D program has been on improving locate and collection work. The assumption has been that if debt grew, either the tools or the individual support enforcement officer's efforts were inadequate. The case assessment looked at these issues intensively for the

sample NCPs. For this study, our focus was on the relationship between debt patterns and case work. Had we found, for example, that the least locate effort was associated with the Increasing debt pattern, we might have concluded that poor staff work was an important factor. But we did not find that differential use of tools was a plausible explanation for these strikingly different debt patterns.

On the whole, DCS field staff appear to do focused and appropriate locate and collection work, concentrating efforts as needed. Without the extra effort devoted to the Increasing debt pattern, the debt would have been higher. However, one interesting finding about collection strategies was that negotiating lower monthly payments on arrears (even when the debt itself was not reduced) was a strategy often found associated with cases closed as paid in full. Unfortunately, neither this strategy nor cases closed as paid in full were frequently found for NCPs in the Increasing debt pattern

We also looked at debt management strategies. We looked at debt corrections, write-offs, DCS-initiated closure of cases as unworkable or uncollectible, as well as the operation of the statute of limitations. Did the Increasing debt pattern reflect poor debt management by comparison with the other debt patterns? No. In fact, the Increasing debt pattern showed much more use of writing off debt, closing uncollectible cases, and other devices than the other patterns. These methods had lowered the Increasing pattern's total obligation by 10.6 percent. Nevertheless, the Increasing pattern's remaining debt totaled over \$6 million as of March 1, 2001. Corrections, write-offs, and DCS-initiated case closures lowered the Intermittent pattern's total obligation by 7.1 percent. The other two debt patterns showed less usage of these methods.

Changing Focus

For a brief period in the 1980s, the IV-D program turned attention to the requirement of uniform state guidelines for support orders. Other than that, locate and collection work have been highest priorities. Nationally, the focus has been on getting more locate and collection tools for the IV-D program. Locally, the emphasis continues to be on the quality of field support enforcement workers' locate and collection work. The ethos of the agency is to increase collections. Yet the findings of this project indicate that priorities need to change. *The path to increased collections and lower debt lies through better orders.*

1. *Accurate orders set according to income must be the highest priority for the agency.*

DCS should make every effort to base the order on actual income of the parties. DCS should try to elicit the cooperation of the NCP in providing actual income by explaining the consequences of imputing income. Ways should be sought to decrease the proportion of default orders. DCS should adopt a narrower interpretation of the Schedule's provisions for imputing income.

2. DCS should encourage prosecutors and DCS staff to set reasonable orders, not exceeding 20 percent of actual gross income, if possible.

DCS staff need to know that reasonable orders are more likely to be paid. Keeping orders below 20 percent where possible can increase the amount of support collected. Nevertheless, DCS should not violate clear requirements of the Schedule. Combined monthly order amounts probably cannot be kept below the 20 percent target for NCPs with multiple cases involving multiple parent partners.

3. DCS should change the criteria used in review for modifications to make modifications easier. Monitoring orders and keeping them current is a basic requirement for improving child support enforcement. If orders are too high, NCPs cannot pay current support, and debt grows. If orders are too low, families do not get as much support as they could. The modification process is precisely monitoring orders and keeping them current.

4. DCS should reconsider the policy of setting high judgments and other initial debt, especially on paternity orders.

5. DCS should develop a new strategy for cases where paternity is at issue. At the time of the first paternity order, the agency should work with prosecutors, other agencies, and community partners to reach young, low-income men before they acquire multiple cases, multiple judgments, and default orders they cannot pay.

6. DCS should recognize multiple orders and multiple cases as requiring active management and special staff attention. DCS should develop with affiliated prosecutors some suggested best practices for coordinating orders. DCS should develop procedures for managing cases of NCPs with multiple orders so that orders are monitored and relationships between cases are taken into account.

7. DCS should take full advantage of its administrative process by minimizing reliance on default orders and by using it as a flexible means to limit debt growth for low-income NCPs. Adopting simple follow-up procedures after a notice is sent might result in more accurate orders and more willingness from NCPs to communicate with DCS.

8. DCS should make use of existing avenues for managing, correcting, and

writing off debt where appropriate. Presently, however, the agency's ability to identify NCPs with growing uncollectible debt outstrips the capacity to correct the problems. Even if it were legal or practicable, wholesale writing off of debt would be undesirable because of its impact on compliance.

9. *DCS should design a pilot project to experiment with negotiated write-offs in exchange for long-term regular payments.* Such an experiment should be developed and studied in an organized manner, rather than left to local staff initiative.

While seeking ways to manage existing debt, the emphasis must nevertheless be on prevention. As a past president of NCSEA once commented, "*It's easier not to accumulate uncollectible arrearages than it is to write them off.*" (Diane Durham-McLoud, *Child Support Quarterly*, Spring 2000, p. 3.) Setting and maintaining accurate orders—orders based on actual income, taking into account significant barriers to collection within the case load—must be the highest priority.

Recommendations for Federal Action

There are two particular issues where federal guidelines would be most helpful to state programs. Setting guidelines--or limits—would reduce controversy in managing interstate cases and would help reduce the difference in obligations for NCPs in different state jurisdictions.

- A uniform statute of limitations on child support debt would reduce the inequities for NCPs and simplify the task of collection staff who must try to calculate debts.
- The issue of maximum order amounts for NCPs with multiple cases involving multiple parent partners and children in separate households needs to be addressed on the federal level. However, there are very controversial issues here, and consensus may not be possible.

Volume 2: Case Assessment

Chapter Summaries

1. Introduction

The chapter provides an overview of the project plan and central findings. It also discusses the background to this project and the status of DCS collections and arrearages at the project's outset.

2. Overview of the Case Assessment

The case assessment is an intensive study of NCPs representing four distinctive debt patterns: Increasing, Decreasing, Intermittent, and No Change. The sample of 200 NCPs from each debt pattern was selected on the basis of debt trends during the 15-quarter period used in the longitudinal study. But the case assessment looked at the NCP's whole history in the DCS case load up to March 2001. It covered order setting and maintenance, payment records, the quality of staff locate and collection work, characteristics of the NCP that constituted barriers to collection (such as corrections record), number of children, cases, orders, and custodial parents, and the impact of case type

3. What Happened During the 15-Quarter Period?

The assignment of debt patterns was based on data from the 15-quarter period from October 1993 through June 1997. Here we examine the relationship of three key variables for that period—wages, monthly order amount, and payments—to help understand the changes in arrears. We calculate the ratio of monthly order amount to wages, or MTW ratio, for a measure of the relative difficulty of paying support. In this analysis the situation of the NCPs in the Increasing debt pattern stands out. These NCPs had the highest order amounts but the lowest wages. Their median MTW ratio was 1.77. In other words, the median monthly order was almost 1.8 times as much as monthly wages. For the other debt patterns, the median MTW ratio ranged from .04 (Decreasing) to .20 (Intermittent). The situation of the Increasing pattern NCPs is easily summarized: Wages were low, so payments were low. But orders were high, so debt escalated. Why did this situation happen? Why was there no effective intervention to reverse this dynamic? The remainder of the case assessment addresses these questions.

4. Setting and Maintaining Child Support Orders

This chapter examines order setting under the Washington State Child Support Schedule, uses of imputed income in setting orders, and the order modification process. Poor documentation made it difficult to determine the income basis for setting many of the orders. But several factors were evident. Use of imputed income inflated many orders. When NCPs had irregular income, prosecutors and staff made inconsistent decisions about what income to use. This problem was worsened when the NCP had multiple orders, because as a new order was added for a new child, more support was required on the basis of inconsistent income assumptions. Many NCPs had multiple cases and children from other relationships. The Schedule permits deviations for these only if the child support is actually paid and there is a duty to support the child. This means that when an order is already too high, the NCP is likely to get a second high order added. Moreover, deviations are discretionary, and judges differ in allowing deviations.

Modifications should address the problem of inaccurate orders. Yet very few child support orders had been modified. Only 10.5 percent of cases in the Increasing pattern and less than 20 percent in any of the others had had an order modified. The modification process is complex and expensive for parents; they become discouraged. DCS has been required to conduct a review for modification every three years on TANF cases, but the rigid review criteria prevented some cases from being sent on for modification.

The Washington State Child Support Schedule presents some challenges for DCS, particularly when setting orders for low-income NCPs and for NCPs with multiple orders. However, our analysis found that much debt growth resulted from DCS and affiliated prosecutor practices related to orders but not mandated by the Schedule. The chapter concludes with recommendations for working with the Schedule to minimize debt growth.

5. Initial Debt and Paternity Orders

Not all debt arose from failure to pay current support on time. Many NCPs had a judgment or other initial debt set with the order. For the Increasing debt pattern the burden of initial debt was especially high. Most initial debt consisted of DSHS judgments. Paternity orders were mainly found in the Increasing debt pattern, where they constituted 38.5 percent of the original orders on the cases. Cases with paternity orders had much higher initial debt, across all debt patterns, than other cases. At the simplest, debt patterns depend on whether child support payments are large enough to cover current support and the initial debt, without accumulating additional arrears. We suggest that charging high initial debt is counterproductive. A large judgment may destroy the incentive to comply with the current support order.

6. Multiple Cases and Other Barriers to Collection

Debt patterns reflect not only the accuracy of orders and quality of field work but also special circumstances of the NCPs. Some special circumstances constitute barriers to collection. This examination of barriers looks at the history of the NCP's involvement with DCS rather than just the 15-quarter period on which the NCP's debt pattern was determined. Nevertheless, barriers are still correlated with debt pattern. The Increasing debt pattern showed the highest percentage of NCPs with a corrections record (49.8 percent), a history of receiving public assistance (51.8 percent), with multiple IV-D cases as NCP (51.3 percent), and with a documented record of substance abuse (25.1 percent). The Intermittent debt pattern parents ranked second on each of these barriers. In addition to cases on which they were the NCP, some individuals had other IV-D cases on which they were the custodial parent. Here the Intermittent pattern ranked first with 20.1 percent, followed by the Increasing pattern with 16.1 percent.

The chapter pays particular attention to NCPs with multiple cases, because obligations and debt tend to increase with the number of cases. Where multiple cases result from having children with multiple parent partners, high orders are a likely consequence congruent with the child support schedule. However, the relationship between number of cases, children, parent partners, and custodians is quite complex. The Increasing debt pattern ranks highest on each. Yet even when we control for these variables, order amounts and obligations seem disproportionately high for the Increasing debt pattern given the reported earnings data examined in an earlier chapter. Higher debt here still seems a consequence of poor order management.

7. Locate Work

This is the first of two chapters examining field staff work and exploring possible relationships to the four debt patterns. By and large, DCS collection staff did diligent, appropriate, and focused locate work. They concentrated their locate efforts on NCPs with increasing arrears and, within debt patterns, on other situations where attention was most urgently needed. We did not find that the persisting debt patterns, especially the Increasing pattern, could plausibly be linked to inadequate locate work. Field staff did not, however, take full advantage of new locate resources available through the Internet. Adopting new locate tools may require DCS to emphasize new locate training. More important are the possibilities of using centralized research and data mining to help identify likely candidates for hidden income. Without replacing individual SEO locate work, such central research could help staff sharpen the focus in follow-up work on older cases.

8. Collection Work

This chapter continues the examination of field staff work, this time in collections. Effective use of collection tools depends on the resources and situation of the NCP. Although one tool might suffice for an NCP with a career of stable employment, in general SEOs found it necessary to use an average of three or more tools for each NCP. For the period examined here, the payroll deduction notice (PDN) and order to withhold and deliver (OWD) were each widely used, particularly on cases closed with successful outcomes. IRS certification was also employed widely. The tool that proved most significant in differentiating among debt patterns and payment outcomes was negotiating lower monthly payments on arrears. This tool made monthly payments more manageable without reducing the debt.

IRS offsets provided some collections for a sizeable proportion of NCPs but were very rarely the only payments collected from an NCP. In general, these offsets provided additional money from NCPs who were already paying. Work-related “safety net” benefits were a significant source of child support payments. Some child support was collected from such benefits for approximately 40 percent or more of NCPs in each of three debt patterns. Two time-limited programs administered at the state level are especially important: unemployment compensation and workers’ compensation. Other federal-level benefits are less time-limited and sometimes provide disability dependent benefits, but they require more work by the SEO and are less easily tracked. Given the significant proportion of low-income and disabled NCPs, it is important to think strategically about sources of child support outside current employment.

9. Managing the Existing Debt

This chapter considers strategies for managing the existing debt. What avenues exist for managing uncollectible and unrealistic arrearages on existing cases? Modifications are prospective only. Federal law prohibits retroactive or retrospective modifications. We look first at the possibilities of case closure, relying on the statute of limitations, vacating orders, and writing off debt. After considering the options, we look at the impact these methods had in lowering the original obligations of the case assessment sample. Finally, we consider some possible next steps.

10. The Challenges Ahead

The chapter summarizes the major conclusions and recommendations of the case assessment.

Determining the Composition and Collectibility of Child Support Arrearages Volume 2: Case Assessment

1. Introduction

This document is the second part of a two-volume report on the findings of the research project Determining the Composition and Collectibility of Child Support Arrearages. The project had two main parts, each carried out by one of the project's co-investigators. Volume 1 of the final report, written by Carl Formoso, Ph.D., presented the findings of the longitudinal analysis. The present volume, by Jo Peters, Ph.D., presents the findings of the case assessment.

Nationally, child support arrearages are huge, totaling billions of dollars. Yet little has been known about their composition and collectibility. This study was developed in response to the federal Office of Child Support Enforcement's request for proposals to study child support arrearages and develop strategies to deal with them. The Washington State Division of Child Support conducted this project under OCSE Grant Number 90-FD-0027. The research project began in October 1999.

Project Summary

The project was a study to determine the patterns of debt behavior in Washington State child support cases. Our goals were to understand the processes and components of child support that lead to large debts; document the mitigating effects of interventions on collectibility; determine the impact of law and policies on debt growth; and recommend changes that will lead to lower arrearages.

Longitudinal Study. The longitudinal study was conducted by Dr. Formoso. The longitudinal analysis began with the identification of a large cohort of noncustodial parents: namely, all the NCPs with IV-D cases in the DCS case load in third quarter 1995 (241,731 individuals). The study then tracked this cohort back for seven quarters to fourth quarter 1993 and forward to second quarter 1997. The study examined child support program data, reported wages, and public services data for this fifteen-quarter period.

The resulting longitudinal report basically contains three major sections. The first looks at the patterns of debt change over the period, identifies some reasons, and suggests ways to develop a strategy for classifying debt as largely collectible or uncollectible. The explanation centers on the relationship between the NCP's monthly obligation and reported wages. The second section presents two models for predicting debt change, which do not depend on the analysis of reasons for debt change presented in the first section. The third section links outcomes for families to the substantive analysis of reasons for debt change presented in the first section.

Case Assessment. The case assessment, conducted by Dr. Peters, provides an intensive look at NCPs sampled from the cohort identified in the longitudinal analysis. It covers a more comprehensive time frame than the fifteen quarters, extending over the whole history of the NCP's involvement with DCS up to March 2001. It examines order setting and maintenance under the specific child support guidelines of Washington State, the quality of field staff's locate and collection work, payment and debt records, and characteristics of the NCP that constituted barriers to collection (such as corrections records). The case assessment integrates policy recommendations with its analysis of the reasons for past debt growth.

This two-tiered study of child support arrearages was designed, then, to quantify the rate of arrearage growth, reliably predict debt growth outcomes and collectibility, explain why these patterns occur, and recommend ways to produce better outcomes in the future. The result is a rich, complex study that attempts to integrate—or at least juxtapose--the perspectives of data analysis, case work, legal practitioners, program managers, and policy makers.

Welfare Reform and the New Interest in Child Support Debt

What brought about the federal government's solicitation of proposals to study arrearages and DCS's response?

Until the passage of PRWORA and the accompanying federal legislation on child support, little was known about the composition and collectibility of child support arrearages.

One reason is that, until recently, states were measured by the amount of support collected without reference to the total base of support owed. This provided an incentive to states to hold on to child support debt as long as possible, extending the statute of limitations and not exploring the provisions for writing off bad debt used by private businesses. Moreover, federal case closure criteria were—and remain--very restrictive, reflecting the long-time and widespread concern over escalating public assistance costs for children whose parents do not support them.

Welfare reform and subsequent child support legislation radically changed the way child support agencies need to look at arrearages. The new federal performance indicators upon which child support agencies' incentive funding is computed are sensitive to the base; that is, the measure is a fraction in which the numerator is the "successes" while the denominator is the "problems." For example, one of the incentive measures calculates the percentage of cases paying toward arrears. The performance-based incentive system now gives state child support agencies reasons to be much more concerned about the size of arrearages and the accuracy of the support orders that led to their accumulation.

Welfare reform also changed the distribution of dollars collected on child support arrears. Under the previous system, when a family went on AFDC the custodial parent assigned the support due to the state and federal government, which then kept money collected to reimburse the costs of public assistance.

In many of Washington's child support cases, support collected never reached the level of public assistance expended on the family. Arrears were not "unassigned" unless DCS later determined that enough support had been collected from the noncustodial parent to cover the cost of public assistance expended on the family. This was determined through a special calculation called *Total versus Total* done by a unit in state office. Excess collected would be sent to the custodial parent.

Under the new system, arrears due the custodial parent before and after the period on public assistance go back to the custodian. In October 1997, DCS began tracking "temporarily assigned arrears" separately from arrears accumulated while the family was on assistance. In October 2000 DCS began to return "temporarily assigned arrears" to the family.

The family therefore gets more of the dollars collected. While this is good for the family, it has costs for the agency. The state not only loses some reimbursement but also loses its discretion to forgive some debt. Washington law gives DSHS (parent agency of DCS) authority under some circumstances to forgive debts owed to the department. Once subrogated (assigned), even debts arising from a court order come under the control of DCS. DCS conference boards can and do write off part or all of a subrogated debt for hardship reasons. Subrogated debts can also be used as negotiation tools.

Consequently, at the same time that DCS gained a new incentive to examine the size of arrearages, it also lost some flexibility to reduce debts through administrative actions.

Collections and Arrearages in the DCS Case Load

When the project began, in October 1999, Washington State had just reported a total of almost \$1.7 billion due in child support arrearages on IV-D cases. In its report to the federal government for FFY 1999, ending September 30, 1999, DCS reported there were 289,101 cases with arrears due during that fiscal year. Of those cases, 180,675 made payments that applied toward those arrears during the year.

These figures of course reflect the operation of the distribution algorithm in applying payments as well as the amount collected. The algorithm applies payments to current support first before applying remaining money to arrears (except for funds received through IRS offset). The report just cited shows that DCS collected almost \$553 million on IV-D cases for FFY 1999. Of this total, \$379.9 million (68.7 percent) was counted as distributed current support, while the remaining \$173.1 million was distributed as arrears. Yet the same report showed the total current support due in that year was \$658.7 million, while the accumulated arrears at the end of that fiscal year totaled more than twice that amount.

Most of the open cases had arrears due. Some, of course, were open for collection of arrears only, but 80 percent of current support cases also had arrears owed. Although arrearages were widespread, debt amounts were not evenly distributed throughout the case load. The bulk of the total debt was concentrated in a segment of hard-to-collect cases. This segment consisted of severely delinquent cases with no payments for at

least six months, excluding IRS offsets. At the end of January 2000, 61.3 percent of the total debt, roughly \$1.03 billion, belonged to this segment of 86,174 cases, 26.7 percent of the open cases. DCS had collected roughly \$243 million on this segment of cases.

Over the next two years, collections increased, while the case load size continued to fall under the impact of welfare reform. Given the difficult economy, these trends are striking. For FFY 2001 (the last year for which we have final figures), DCS collected \$457.2 million distributed as current support, and \$183.8 million distributed as arrears. The percentage of current support collected that was due that year increased to 66.2 percent in FFY 2001 from 57.6 percent in FFY 1999. The percentage of cases owing arrears that made a payment toward the debt also improved very slightly, from 62.5 percent in 1999 to 65.2 percent in 2001. The case load declined by 3.4 percent over the two years, from 320,846 at the end of FFY 1999 to 310,029 at the end of FFY 2001.

Nevertheless, arrears continued to grow over the two-year period. At the end of FFY 2001, arrears totaled almost \$1.9 billion, a two-year increase of \$179.5 million. Cases with arrears due increased slightly (2.2 percent) to 295,447.

Washington's child support program was not alone. In its data preview report for FFY 2001, the federal Office of Child Support Enforcement noted the impressive collection gains made by state IV-D programs over the preceding years. Nevertheless, arrearages continued to climb. For FFY 1999 states had reported total arrearages of \$75.4 billion. For FFY 2001 they reported \$88.1 billion. Acknowledging the difficulty in understanding what those totals really meant, given the differences in state practices, the preview offered the amount certified through the federal income tax refund interception program as a more solid figure. This total, about \$66 billion for FFY 2001, was "probably more meaningful, but . . . still enormous."

By comparison with the child support debt reported for some other states, Washington's is rather modest. Laws and policies peculiar to individual states undoubtedly contribute to debt growth in different ways. But the common umbrella provided by Title IV-D and the federal child support enforcement program have ensured a certain continuity among state programs.

Consequently, we believe that the findings of this project will be relevant to other states as well. Indeed, new reports from other studies indicate that some reasons for debt growth are widespread among IV-D programs. It is time for a new look at the national problem of child support debt growth.

Tracking Debt Growth Back to Orders

We began with outcomes (child support arrears) and searched for the path back to the reasons some debts grew and others did not. Ultimately, detective work led us back to orders.

The central finding of this project was that debt growth occurred mainly among low-income NCPs whose monthly order amount (MOA, or current support) was set too high

for their reported wages. The ratio of monthly order amount to the NCP's reported gross wages (MTW ratio) was strongly related to debt patterns. Debt is concentrated; the majority of the debt belongs to a minority of NCPs.

At the outset, neither investigator realized the central importance of child support orders in debt outcomes. We knew, of course, that some debt growth was associated with default orders, particularly when based on imputed income. Although we knew that orders set too high for actual income contributed to debt growth, we did not recognize the centrality of the problem. An early progress report of the case assessment found that on average, monthly orders for NCPs with steadily increasing debt were higher than monthly wages. Thereafter, the focus of both the case assessment and longitudinal study shifted to the relationship between orders and wages.

Subsequently, the longitudinal study showed that when the MOA exceeded 20 percent of reported gross wages, child support debt usually grew. The longitudinal study also found that for NCPs with gross monthly wages less than \$1,400, orders were on average set too high to prevent debt growth. In contrast, as monthly income increased above \$1,400, the MTW ratio gradually fell, so that orders were set much lower than necessary to prevent debt growth.

The case assessment sought to understand why orders were so incongruent with wages in the debt pattern with steadily increasing arrears. What prevented effective intervention? It devoted attention to careful examination of the state's child support schedule as well as practices in imputing income and managing orders for NCPs with difficult circumstances. It then considered what policies and procedures should be changed to produce better outcomes.

2. Overview of the Case Assessment

Summary

The case assessment is an intensive study of NCPs representing four distinctive debt patterns: Increasing, Decreasing, Intermittent, and No Change. The sample of 200 NCPs from each debt pattern was selected on the basis of debt trends during the 15-quarter period used in the longitudinal study. But the case assessment looked at the NCP's whole history in the DCS case load up to March 2001. It covered order setting and maintenance, payment records, the quality of staff locate and collection work, characteristics of the NCP that constituted barriers to collection (such as corrections record), number of children, cases, orders, and custodial parents, and the impact of case type.

The case assessment is an intensive look at noncustodial parents (NCPs) sampled from four distinctive debt patterns identified in the longitudinal study.

It is both more limited and more comprehensive than the 15-quarter longitudinal study. The case assessment deals with only a small fraction of the NCPs who formed the basis for the longitudinal analysis and modeling described in Volume 1 of the project's final report. Nevertheless, it is more comprehensive about time frames examined. It extends over the history of the NCP's involvement with DCS, from the first case opening up to March 2001.

Method of Study

The focus here was an intensive review of the cases to capture information from case comments and other sources and then integrate this with data from SEMS (Support Enforcement Management System) flatfiles and other administrative databases. For example, we wanted to know the basis used for setting the original child support amount (actual income, imputed median net, etc.) We wanted to know what locate and collection tools were used. When NCPs had multiple cases, how much overlap was there among those cases (in children, custodial parents, and orders)?

The case assessment blended information drawn from three sources. The centerpiece was a coded case review conducted by an experienced collection staff member. We developed a case review coding instrument that allowed the researcher to review the sample cases on SEMS and code her assessment directly into a database while working at the computer. (A text version of the coding questions and decisions is included below as Appendix A1.)

A field office support enforcement officer (SEO) served as research analyst and coder. The analyst reviewed the case to determine how the obligation was set for the original

order, the history of modifications, the number of child support cases, payment record, and significant DCS enforcement actions and other interventions. The SEO also checked for evidence that DCS was aware of such factors as disability, public assistance usage, corrections record, and other barriers to collection, and evaluated DCS response in such instances.

In addition to the coded case review, we incorporated selected key variables (covered employment earnings, monthly order amounts, and arrears) from the 15-quarter database constructed for the longitudinal study. Chapter 3 presents the analysis of these data.

Third, we updated collection and debt information by matching the NCPs and their cases to the March 2001 SEMS flatfile extract. The result is a rich collection of information about the sample NCPs and their history with DCS.

The Sample

The sample represents NCPs whose arrears history fell into one of four patterns. The characterization of debt pattern was based on arrearage behavior in the fifteen quarters from fourth quarter 1993 through second quarter 1997. Four distinctive debt patterns were identified as of particular interest in the longitudinal study. The four debt patterns were:

- *steadily increasing arrears* (13,993 NCPs);
- *steadily decreasing arrears* (3,084 NCPs);
- *intermittent* (at least four separate spells of arrearage behavior, including spells of increasing and/or decreasing arrearage (133,702 NCPs); and
- *no change in arrears* (11,015 NCPs).

Three patterns showed consistent trends over the fifteen quarters. The fourth represented the more typical NCP arrearage behavior over the period.

The choice of sample criteria provides a new perspective on the DCS case load. In most research we have focused on cases that were severely delinquent, with debts over a certain dollar amount. Or we have focused on cases of a certain type or on public assistance history. Or we have looked at particular issues, such as paternity establishment. Here we get snapshots taken over the whole case load—or at least of those NCPs whose history with DCS extended for at least four years. We get a glimpse of NCPs who pay regularly, of “typical” cases that make up the bulk of the field office cases.

Although we speak of “the sample,” in fact there were four separate samples of 200 NCPs each, with a sample drawn from each of the four debt patterns. But the number of NCPs represented varied dramatically by debt pattern. Obviously, the Decreasing pattern is much more intensively represented than the Intermittent. But the Intermittent pattern represents a much larger portion of the case load.

The sampling was done by Carl Formoso, who conducted the longitudinal study. For a technical discussion of the relationship between the longitudinal study and the case assessment sample, see Formoso, Volume 1, Appendix A1.

Purpose of the Sampling Strategy

This research project set out to study debt patterns. Debt is not evenly distributed over a population. Even though the vast majority of NCPs owe some arrears, the bulk of that debt is concentrated among a minority. For example, the Increasing debt pattern represents only 5.8 percent of the NCPs included in the longitudinal analysis. But those parents—5.8 percent of the total—accounted for 17.8 percent of the total arrearage increase of \$1.134 billion over 15 quarters.

What determines those debt patterns? What characteristics of the NCPs are associated with those patterns? What agency policies, practices, and actions help to shape those patterns? To study behavior it is helpful to delineate groups sharply by outcomes and then see what factors are associated with those different outcomes. In the case assessment three groups—increasing, decreasing, and no change—represent the extremes of debt trends found in the larger case load. The intermittent represents the “majority,” so to speak, in its inconsistencies.

The tables below show us the mean, median, and often the percentages within each debt pattern, and it is meaningful to compare these differences. But we cannot calculate unified statistics for the sample and generalize to the whole case load. The Intermittent group was selected from the largest element in the case load and is the most indicative of the “typical” NCP. Of course, if we see similar percentages for each debt pattern, we will have some confidence that the percentage reflects the whole case load. Nevertheless, the case assessment sample is mainly useful for showing the distribution of a characteristic within a group, or the differences in distribution of that characteristic between groups.

Four Debt Patterns

The four debt patterns show intriguing differences and similarities, which are best recognized by studying the tables. At the outset, a thumbnail sketch of each may help to set the stage.

It would be misleading to see the Increasing and Decreasing debt patterns as in some sense “balancing” or “offsetting” each other. They are not symmetrical. Over the 15-quarter period, the Decreasing group reduced their debt by half. Meanwhile, the Increasing group doubled their debt. Unfortunately, the latter represent four times as many parents in the case load as the Decreasing sample. (Consider also the simple math involved. Suppose two individuals each start with a debt of \$1,000. The person who reduces his debt by half ends up with a \$500 debt. The other person doubles his debt to \$2,000—four times that of his counterpart.)

The Intermittent pattern represented by far the largest number of NCPs. It is somewhat reassuring to see that, even though debt climbed at times, the increase was

usually temporary, and the parent's payments would resume. On the other hand, this group showed at least four distinct spells, and such irregularity may represent more work for the SEO.

On some dimensions, the Intermittent group resembles the Increasing group more than the other debt patterns. It is therefore thought provoking to grapple with the question of what factors prevent more of the majority from sliding into the ranks of steadily increasing arrears.

The No Change pattern represents the "best" and the "worst." There are more stark contrasts *within* this pattern than in the others. The "best" are parents whose debt did not grow because they paid current support on time and did not accrue arrears. These parents appeared to have the highest income of any pattern.

The "worst" are 29 parents for whom DCS never managed to establish a child support order. Their debt did not change because in fact they have never had a debt. Strictly speaking, their arrears are not \$0 but N.A., "not applicable." We retained these parents in the sample because they represented an important segment of the most hard-to-work cases DCS has. These are parents for whom DCS has a social security number but nevertheless has not been able to establish an order. Because they lacked an order and a debt, we did not include such cases in our prior research on hard-to-collect cases.

In between these two extremes in the No Change pattern are a number of arrears-only cases. The debt did not change in 15 quarters because the NCPs made no payments, and there was no current support to grow the debt.

Profile of the NCPs, Payments, and Debt

Table 2.1 provides a quick summary of the cases, monthly order amounts, payments, and remaining debt. This is the status as of March 1, 2001. The viewpoint here is more embracing than the 15 quarters that established the debt patterns. The item *maximum monthly order amount* is the maximum monthly current support the NCP owed at any one time, summing the order amounts for all the NCP's cases open at that time.

For reasons explained above, we do not provide overall totals in any of the tables. The initial sample included 800 NCPs, 200 from each debt pattern. We were forced to exclude six after initial review when the coder discovered that these parents in fact did not have IV-D cases valid for study. Hence the final sample total was 794 NCPs with 1,183 cases.

As the table shows, the Increasing debt pattern had the highest monthly order amounts, the highest debt, and the lowest payments. Despite this, over 88 percent of these parents made at least one payment (though not on each of their cases).

In fact, the proportion of parents in each debt pattern who made one or more payments was strikingly high, varying from nearly 86 percent of the parents with orders in the No Change pattern to 100 percent of those in the Decreasing pattern.

Table 2.1. Profile of the Noncustodial Parents

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
NCPs	199	199	199	197
IV-D cases as NCP				
Mean	1.93	1.38	1.57	1.18
Median	2.00	1.00	1.00	1.00
Children on IV-D cases				
Mean	2.31	1.94	1.98	1.78
Median	2.00	2.00	2.00	2.00
NCPs with orders established	199	199	199	168
Maximum Monthly Order Amount ^a				
Mean	\$ 429	\$ 332	\$ 373	\$ 323
Median	400	284	327	300
Total paid (3/01/2001)				
Mean	\$ 7,122	\$ 27,351	\$ 21,088	\$ 25,417
Median	3,183	22,608	15,142	21,597
Debt on open cases 3/01/2001				
Mean	\$ 30,360	\$ 1,812	\$ 3,616	\$ 2,392
Median	25,583	0	0	0
NCPs with payment(s)	88.4 %	100 %	95.5 %	85.7 %
Cases summed	385	274	312	232
Total paid summed	\$1,417,305	\$5,442,774	\$4,196,468	\$4,270,027
Total debt summed	6,041,711	360,550	719,642	401,852

^aThis amount is the maximum monthly order amount (monthly current support order) the NCP had at any one time on all the cases open (summed) at that time.

The median amount paid by parents in the Increasing debt pattern was only about one tenth of the median amount of debt. For the other debt patterns the relationship between payments and debt was reversed, although the precise fractions differed greatly.

Age of the Obligation

One of the characteristics that differentiates the Decreasing debt pattern from the others is the age of the parent's maximum child support monthly order. To see this difference we must look earlier, before the 15-quarter period. Over 40 percent of the NCPs in the Decreasing pattern faced their largest current support amount prior to 1993. For the other three patterns, a proportion ranging from 76.3 percent to 85.9 percent faced their largest obligations during the 15 quarters. (See Table 2.2.)

The difference, then, lies partially in the “life cycle” of child support obligations. Obviously, in order to have steadily decreasing arrears for 15 quarters, the parent had accrued a debt earlier. The exemplary payment behavior exhibited for 15 quarters had been different earlier. In fact, the case review showed that collection staff had struggled to get payments from some of these parents in earlier years. This was not always a smooth payment pattern.

By comparison with the Decreasing pattern, the other three are newer obligations, at least for the period when they owed the maximum amount of current support. But the table also shows that for each period, the maximum current support obligation was lower for parents in the Decreasing pattern than in the Increasing pattern. Although “life cycle” of the obligation is part of the story, it is by no means the most important chapter.

Table 2.2. Period of Maximum Current Support Obligation

<i>Period of NCP's Maximum Current Support Obligation^a</i>		<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
		<i>Increasing</i>	<i>Decreasing^b</i>	<i>Intermittent^b</i>	<i>No Change^b</i>
Before 1993	N (Percent)	20 (10.1)	76 (40.4)	18 (9.1)	25 (16.1)
Maximum MOA	Mean	\$ 491	\$ 361	\$ 301	\$ 345
	Median	\$ 423	\$ 300	\$ 213	\$ 314
Year maximum MOA started ^c		1987	1983	1983	1986
Year maximum MOA ended ^c		1990	1989	1988	1989
1993-1997	N (Percent)	171 (85.9)	106 (56.4)	167 (84.3)	119 (76.3)
Maximum MOA	Mean	\$ 416	\$ 337	\$ 372	\$ 351
	Median	\$ 397	\$ 291	\$ 327	\$ 307
Year maximum MOA started		1991	1988	1991	1990
Year maximum MOA ended		1997	1996	1997	1996
After 1997	N (Percent)	8 (4.0)	6 (3.2)	13 (6.6)	12 (7.7)
Maximum MOA	Mean	\$ 542	\$ 496	\$ 524	\$ 332
	Median	\$ 533	\$ 475	\$ 546	\$ 318
Year maximum MOA started		1998	1998	1999	1998
Year maximum MOA ended		1999	2000	2000	2000
All	N	199 (100)	188 (100)	198 (100)	156 (100)
Maximum MOA	Mean	\$ 429	\$ 352	\$ 375	\$ 348
	Median	\$ 400	\$ 300	\$ 327	\$ 309
Year maximum MOA started		1991	1986	1991	1990
Year maximum MOA ended		1997	1993	1993	1995

^aThe maximum current support order is the largest current support amount the NCP had over the course of the NCP's time in the DCS case load, not just during the 15-quarter period. If the NCP had more than one case, this is the maximum current support amount owed at one time, summing the order amounts of cases open at that time.

^bThe table omits 53 NCPs, including 29 (from the No Change pattern) who had no order established, and 24 who only had zero orders (orders where no current support was set). The zero orders were distributed as follows: Decreasing pattern, 11; Intermittent, 1; and No Change, 12.

^cThe year is the average (mean).

3. What Happened During the 15-Quarter Period?

Summary

The assignment of debt patterns was based on data from the 15-quarter period from October 1993 through June 1997. Here we examine the relationship of three key variables for that period—wages, monthly order amount, and payments—to help understand the changes in arrears. We calculate the ratio of monthly order amount to wages, or MTW ratio, for a measure of the relative difficulty of paying support. In this analysis the situation of the NCPs in the Increasing debt pattern stands out. These NCPs had the highest order amounts but the lowest wages. Their median MTW ratio was 1.77. In other words, the median monthly order was almost 1.8 times as much as monthly wages. For the other debt patterns, the median MTW ratio ranged from .04 (Decreasing) to .20 (Intermittent). The situation of the Increasing pattern NCPs is easily summarized: Wages were low, so payments were low. But orders were high, so debt escalated. Why did this situation happen? Why was there no effective intervention to reverse this dynamic? The remainder of the case assessment addresses these questions.

The assignment of debt patterns was based on data from the 15-quarter period from October 1993 through June 1997. As we saw above, some noncustodial parents (NCPs) showed different behavior prior to that time. But our case review showed that rather few changed patterns after that period.

What can we learn from the 15-quarter data about the factors that shaped these debt patterns? Here we look simply at the relationship among three central variables: monthly order amounts, wages, and payments.

Table 3.1 shows monthly order amounts (current support orders) by debt pattern for the 15 quarters. The amounts here are averaged over the 15 quarters. Monthly orders in the Increasing debt pattern have the highest mean, median, maximum. The lowest mean and median are in the Decreasing debt pattern.

The bottom half of the table shows the contribution of Initiating Interstate (IJ) cases to the totals above. The Initiating Interstate cases have lower current support orders—mean, median, and maximum—than the other parents in that corresponding debt pattern. Thus their effect is to lower the average monthly order amounts. The highest share of Initiating Interstate parents (24.1 percent) belongs to the Increasing debt pattern. Nevertheless, the median current support for the Increasing pattern is more than one hundred dollars higher than for two other patterns, and more than three times as high as the Decreasing debt pattern.

Table 3.1. Monthly Order Amounts for 15 Quarters

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Noncustodial parents with obligation established	199	199	199	168
Monthly order amount (MOA) averaged over quarters^a :				
Current support (MOA > \$0)				
N (NCPs)	199	179	188	136
Mean	\$ 345	\$ 154	\$ 242	\$ 258
Median	323	90	185	222
Maximum	1,625	816	1,240	1,158
Arrears-only (MOA \$0)				
N (NCPs)	0	20	11	32
Share of Initiating Interstate				
N (NCPs)	48	34	30	32
% of NCPs	24.1	17.1	15.1	19.0
Current support				
N (NCPs)	48	30	27	17
Mean	\$ 309	\$ 108	\$ 188	\$ 94
Median	300	33	150	17
Maximum	995	773	560	900
Arrears-only				
N (NCPs)	0	4	3	15

^a If the parent had more than one case open at the time, this is the sum of the monthly order amounts averaged over the number of quarters in which the NCP had an open case.

The Increasing debt pattern's mean MOA is significantly higher than other debt patterns (p<.001). The Decreasing pattern's is also significantly lower than the Intermittent and No Change (p<.01).

Wages

The wages shown in Table 3.2 are earnings on covered employment as reported to Employment Security for the 15 quarters. We have excluded NCPs with Initiating Interstate cases from Table 3.2 because we do not have complete wage data for out-of-state employment. However, we included NCPs without support orders.

None of the patterns had wages reported for all of the NCPs. The Intermittent pattern shows the highest number with wages, with 135 out of 169. NCPs in the Increasing debt pattern have fewer quarters of wages for covered employment than the others, with a mean of 5.79 and a median of 4.50. By comparison, the Decreasing and No Change patterns show a median of 15 quarters of wages out of the total 15.

Table 3.2. Noncustodial Parents' Wages for 15 Quarters as Reported to Employment Security

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
NCPs, excluding Initiating Interstate ^a	151	165	169	146
NCPs with reported wages > \$0	N = 100	N = 113	N = 135	N = 97
Share of NCPs excl. IJ with wages	66.2 %	68.5 %	79.9 %	66.4 %
Quarters with reported wages above zero				
Mean	5.79	12.78	10.60	11.64
Median	4.50	15.00	12.00	15.00
Total wages for 15 quarters	N = 100	N = 113	N = 135	N = 97
Mean	\$ 10,386	\$ 85,981	\$ 60,394	\$100,541
Median	7,342	81,518	41,295	106,300
Average monthly wage	N = 100	N = 113	N = 135	N = 97
Mean	\$ 231	\$ 1,911	\$ 1,342	\$ 2,234
Median	163	1,812	918	2,362

Source: Washington State Employment Security Department data on covered employment for fourth quarter 1993 through second quarter 1997.

^aThis table excludes Initiating Interstate cases because Washington State's Employment Security Department does not receive wage reports for these NCPs while they are out-of-state.

The Increasing debt pattern's average monthly wage was significantly lower than the other debt patterns ($p < .001$), and the Intermittent pattern was significantly lower than the No Change pattern ($p < .05$).

Not surprisingly, the Increasing debt pattern had the lowest wages by far. For these 100 parents, their 15-quarter wages averaged out to a monthly level of \$231 with a median of \$163. The No Change pattern had the smallest number of parents with reported wages but the highest mean and median monthly wages, at \$2,234 and \$2,362, respectively.

The Intermittent pattern showed the highest number of parents with reported wages, but their wages were much lower than the Decreasing and No Change patterns. With a monthly mean of \$1,342 and a median of \$918, their median was closer to the Increasing pattern than to the other two patterns. Intermittent pattern parents appeared to have relatively steady but low wages during the 15 quarters.

Relationship between Support Orders and Wages

Thus far we have looked at the monthly order amounts and wages for the 15 quarters. Table 3.3 brings the two variables together. Because we lack complete wage data for Initiating Interstate parents, we have excluded them from the table. Because we are comparing wages with orders, we have excluded the 29 NCPs in the No Change pattern without orders. Consequently, the numbers here are somewhat different than in the previous two tables.

Table 3.3 shows the relationship of monthly order amount to wages for the 15-quarter period, computed as a ratio. The ratio, abbreviated as the MTW ratio, was calculated by dividing the NCP's average combined monthly order amount by the NCP's average monthly wage.¹ In presenting the ratio, the table displays both the mean and median. The mean is not a very useful indicator because of its sensitivity to outliers. An extreme value in either an individual's MOA or wages has excessive influence on the mean. The median, however, appears to be a more useful indicator.

Table 3.3. Ratio of Monthly Order Amount to Wages for 15 Quarters

<i>NCPs with Orders, Excluding Initiating Interstate (IJ)</i>	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Noncustodial Parents	151	165	169	136
Monthly order amount				
Mean	\$ 356	\$ 148	\$ 239	\$ 246
Median	335	67	184	202
NCPs with reported wages	100	113	135	94
Monthly wage				
Mean	\$ 231	\$1,911	\$1,342	\$2,296
Median	163	1,812	918	2,380
<i>Ratio of MOA to wages (MTW)</i>	<i>N=100</i>	<i>N=113</i>	<i>N=135</i>	<i>N=94</i>
Mean	27.09	.744	.652	.493
Median	1.77	.044	.197	.113

The Increasing debt pattern's MTW ratio was significantly higher than the other three debt patterns (p<.005).

Of the four debt patterns, the Decreasing pattern shows the lowest ratio of monthly order amount to wages. The median MTW ratio is only 4.4 percent of the monthly wage, which would seem to be an easy bill to pay. For the Intermittent pattern, the median monthly order amount was about 20 percent of monthly wages.

¹ This ratio could be computed in several ways with somewhat different results. What is important are the relative differences in the ratio size between groups according to the method used. We have computed the MTW ratio for NCPs with reported wages and with open cases, even if the combined MOA is \$0. That is, the MTW ratio is computed both for cases with current support and for arrears-only cases.

The Increasing pattern faced quite another situation. For these parents the median MTW is 1.77. In other words, *the median monthly order was almost 1.8 times as much as monthly wages.*

Payments

With such disparity in the ratio of support order to wages, the payment outcomes are not surprising. Table 3.4 summarizes payments over the 15 quarters. This table shows how payments on Initiating Interstate (IJ) cases contributed to the total.

Table 3.4. Payments Over 15 Quarters

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Noncustodial Parents with orders established	199	199	199	168
Monthly average payments				
Mean	\$ 25	\$ 260	\$ 214	\$ 204
Median	2	233	161	149
Total paid (15 quarters)				
Mean	\$ 1,114	\$ 11,708	\$ 8,677	\$ 9,180
Median	75	10,480	5,960	6,687
Summed	221,665	2,329,968	1,726,767	1,542,225
No payments in 15 quarters	92	0	18	60
Percentage	46.2%		9.9%	35.7%
Made payment(s)	107	199	181	108
Percentage	53.8%	100.0%	91.0%	64.3%
Share of Initiating Interstate (IJ)	48	34	30	32
Percentage	24.1%	17.1%	15.1%	19.0%
Total paid (15 quarters)				
Mean	\$ 1,204	\$ 9,491	\$ 6,552	\$ 2,086
Median	108	7,389	3,721	0
Summed	57,811	322,682	196,548	66,749
No payments	21	0	5	26
Made payment	27	34	25	6
IJ share of total sum collected	26.1%	13.8%	11.4%	4.3%

The Increasing debt pattern's payment mean was significantly lower than the other debt patterns ($p < .0005$).

The percentage of NCPs who paid nothing during the 15 quarters is quite high for two debt patterns: 46.2 percent in the Increasing arrears pattern and 35.7 percent in the No Change pattern.²

The impact of Initiating Interstate (IJ) cases varies by debt pattern. The IJ cases improve payment statistics slightly for the Increasing pattern. They drag down collection figures for the Decreasing and Intermittent patterns more than they help the Increasing pattern. Initiating Interstate cases hurt collections significantly for the No Change pattern. They comprise 19 percent of the No Change NCPs, but only 4.3 percent of collections.

Table 3.5 shows collections over the 15 quarters by payment level and share of total dollars collected. The summed collections at the bottom of the table show that parents in the Increasing debt pattern paid a total of \$221,665 over the 15 quarters. By comparison, the Decreasing debt pattern paid \$2,329,968—about ten times as much.

Table 3.5. Collections During 15 Quarters by Payment Level and Share of Total Dollars

Payment Level (Monthly Average) for 15 Quarters	Debt Pattern of Noncustodial Parent			
	Increasing	Decreasing	Intermittent	No Change
Less than \$50 per month	N = 168	N = 19	N = 53	N = 67
Percentage of NCPs	84.4	9.5	26.6	39.9
Sum of dollars collected	\$ 51,150	\$ 26,616	\$ 37,561	\$ 5,756
Percentage of total collected	23.1	1.1	2.2	0.3
\$50 - 199 per month	N = 27	N = 69	N = 62	N = 28
Percentage of NCPs	13.6	34.7	31.2	16.7
Sum of dollars collected	\$ 121,504	\$ 343,821	\$ 275,206	\$ 164,388
Percentage of total collected	54.8	14.8	15.9	10.7
\$200 or more per month	N = 4	N = 111	N = 84	N = 73
Percentage of NCPs	2.0	55.8	42.2	43.4
Sum of dollars collected	\$ 49,011	\$ 1,959,531	\$ 1,414,000	\$ 1,372,081
Percentage of total collected	22.1	84.1	81.9	89.0
All NCPs with orders	N = 199	N = 199	N = 199	N = 168
Percentage of NCPs	100	100	100	100
Sum of dollars collected	\$ 221,665	\$2,329,968	\$1,726,767	\$1,542,225
Percentage of total collected	100	100	100	100

² When we look beyond the 15 quarters at the total performance of NCPs, the percentage who have never paid drops considerably, to 11.6 for Increasing, and 14.3 for the No Change pattern. (Compare, for example, Tables 2.1 and 3.4.) If we compare payment amounts between the two tables, we also find that for every debt pattern, the amounts paid during the 15 quarters are much smaller than for the total history of payments. Nevertheless, the relative rankings are the same. The Decreasing paid most, followed by the No Change, then the Intermittent, and last, trailing the rest by a large margin, the Increasing pattern.

Table 3.5 shows the percentage of NCPs clustered within a payment level as well as the percentage of total collected. For ease of reading, the largest percentages of NCPs and collections for each pattern are printed in bold italic type.

NCPs in the Increasing debt pattern are largely concentrated (84.4 percent) in the lowest payment level. Of these NCPs, 92 paid nothing during the 15 quarters, while 76 paid less than \$50 a month. While most of the NCPs paid less than \$50 a month, over half of the dollars collected from the Increasing debt pattern came from the minority who paid between \$50 and 199 per month. In the No Change debt pattern, most (60) of the NCPs in the lowest level paid nothing during the 15 quarters. Parents in the Intermittent pattern were the most evenly divided among payment levels. For the Decreasing, Intermittent, and No Change patterns, the largest share of NCPs paid more than \$200 a month and contributed over 80 percent of the dollars collected.

Figure 3.a illustrates the distribution of NCPs by payment level.

Figure 3.a. Noncustodial Parents by Payment Level

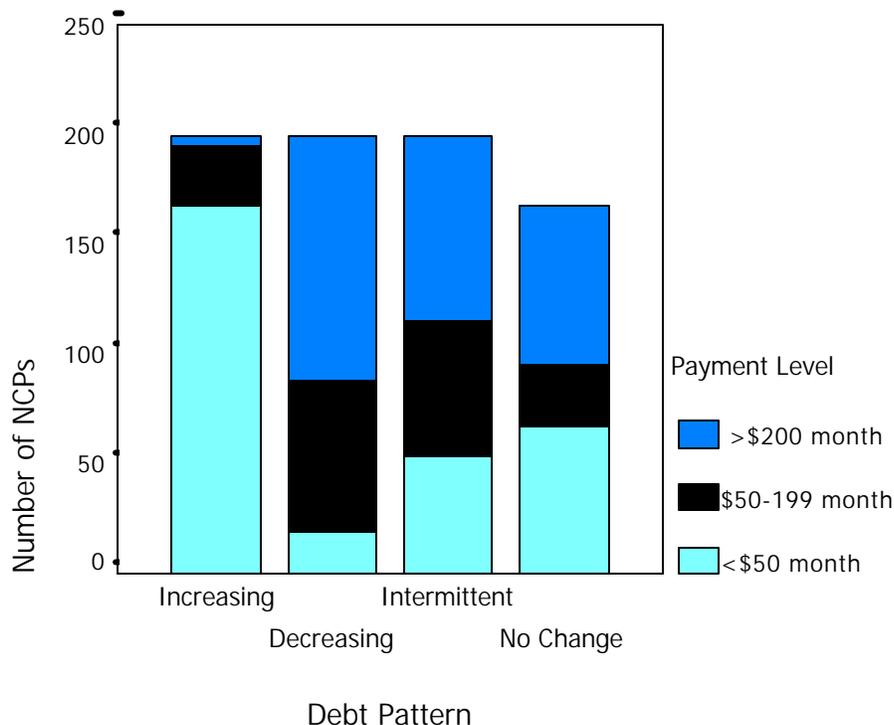
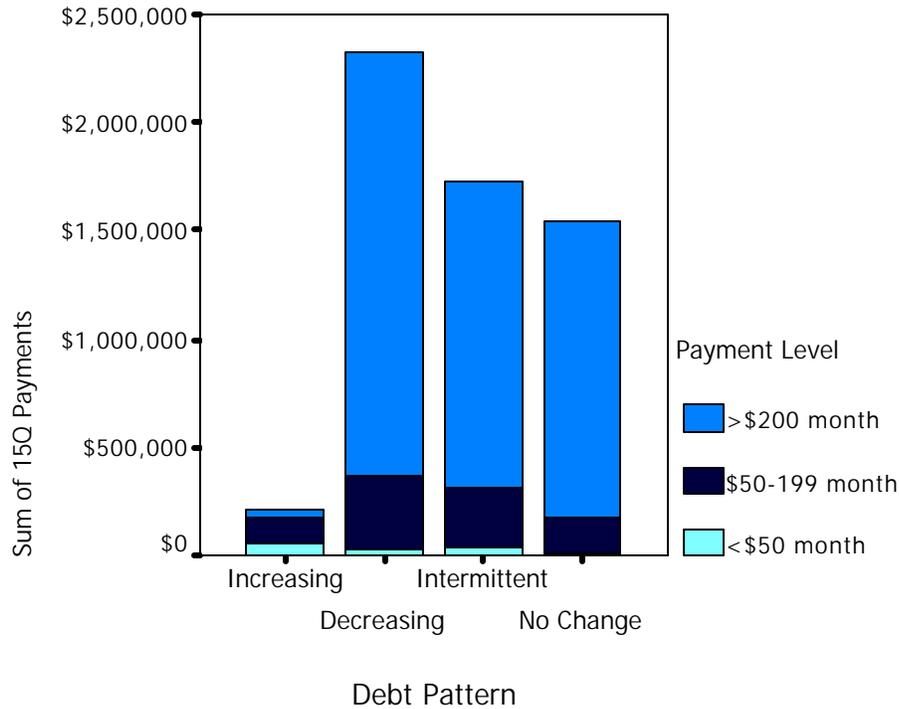


Figure 3.b shows share of collections for each payment level. By comparison with the distribution of NCPs, the contribution of these payment levels to the total collected for 15 quarters is much more concentrated.

Figure 3.b. Total Collected for 15 Quarters by NCP's Payment Level



Relationship of Payments to Monthly Order Amounts and Wages

Table 3.6 compares monthly order amounts and monthly payments over the 15 quarters. The table separates NCPs into those who paid nothing and those who made at least one payment. It then shows the 15-quarter monthly order amount (mean and median) for each category as well as the monthly payments for those who had paid something during the 15 quarters.

The Increasing debt pattern had many more NCPs who paid nothing than the other patterns, and their monthly order amounts were also much higher, with a mean of \$273 and median of \$235. The No Change pattern also had a sizable group (60) of NCPs with orders who paid nothing, but their tiny order amounts (mean \$8, median \$3) meant that little impact was made on debt.

Here our purpose is to assess how well the paying parents did relative to their ongoing accounts. How much headway did they make in avoiding or getting out of debt?

The Decreasing pattern indeed made substantial progress. Against their order amounts (mean \$139 and median \$53), their payments (mean \$260, median \$233) covered current support and paid down their debt. Those in the Intermittent and No Change patterns just about covered their current support.

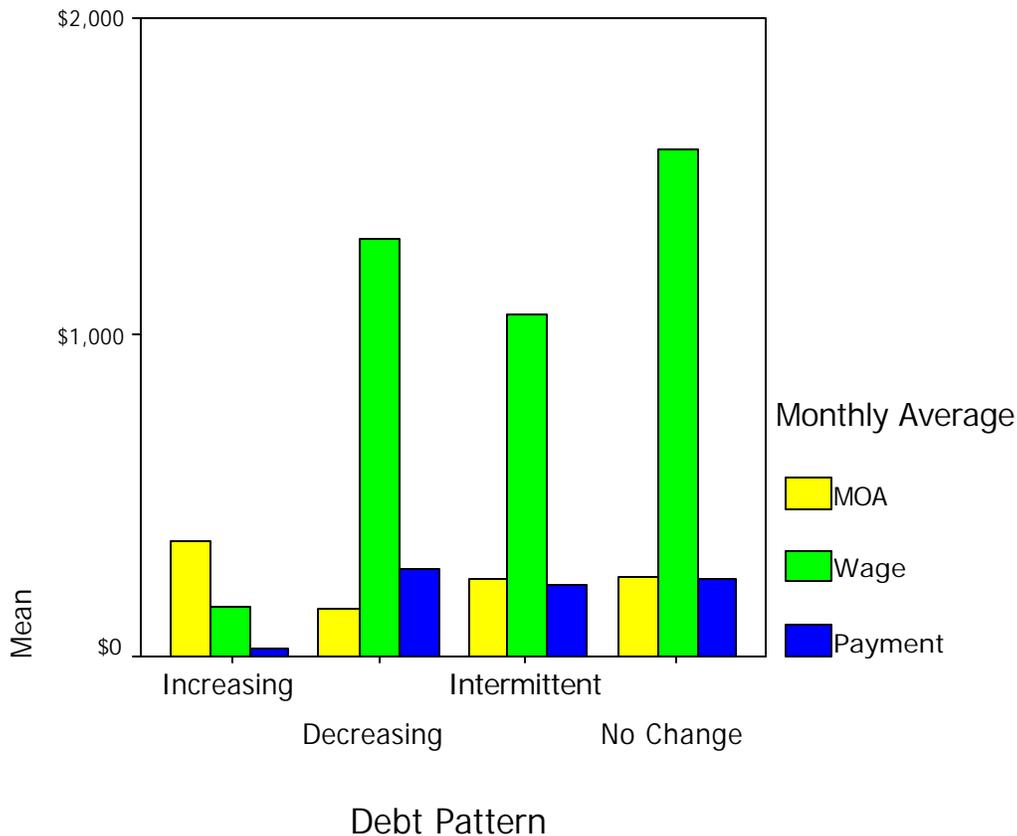
Table 3.6. Monthly Order Amount and Payments Over 15 Quarters

	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
NCPs with orders established	199	199	199	168
Paid \$0				
NCPs	92	0	18	60
15-Q average MOA				
Mean	\$ 273		\$ 64	\$ 8
Median	235		11	3
Payments > \$0				
NCPs	107	199	181	108
15-Q average MOA				
Mean	\$ 406	\$ 139	\$ 245	\$ 320
Median	375	53	191	300
Monthly average payments				
Mean	\$ 46	\$ 260	\$ 235	\$ 317
Median	17	233	180	300

On the other hand, those NCPs in the Increasing pattern who paid simply made no headway. Against their average monthly order amount (mean) of \$406, their monthly payment averaged \$46, just 11.3 percent of the MOA. If we compare the median MOA with the median monthly payment, the situation is even worse: the \$17 payment is just 4.6 percent of the median MOA of \$375.

Figure 3.c portrays the monthly averages of orders, wages, and payments for the 15 quarters. For three debt patterns, average wages were substantially higher than orders, and the NCPs paid approximately the amount of child support due or substantially more (Decreasing pattern). In the Increasing debt pattern the relationship of the three variables is quite different. When orders are higher than wages, payments suffer.

Figure 3.c. 15-Quarter Monthly Averages: Orders, Wages, Payments



NCPs with orders and reported wages for the 15 quarters (1993-1997), excluding Initiating Interstate (IJ).

Table 3.7 brings together information about payments, wages, and MTW ratios. Because wage information is lacking, we have excluded Initiating Interstate cases here. In this table we have added a new item, the ratio of payments to reported wages, or PTW ratio, to compare the relationship between payments and wages to that of monthly orders to reported wages.

In every debt pattern there are some NCPs who paid child support without having any reported wages for covered employment. (We will look at alternative sources of child support payments later.) But generally higher payment levels are associated with higher wages in this table.

The table shows considerable fluctuation in ratio of monthly order to wages even within a debt pattern, depending on the payment level. The highest ratios of order to wages (2.057) found in the table belong to those NCPs in the Increasing pattern who paid less than \$50 per month).

Table 3.7. Payments, Wages, and MTW ratios for 15 Quarters

Payments of NCPs with Orders, Excluding Initiating Interstate (IJ)	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Under \$50 per month (NCPs)	127	16	44	40
Wages reported (NCPs)	78	6	32	17
Median monthly wage ^a	\$ 119	\$ 1,723	\$ 278	\$ 71
Median MTW ratio ^b	2.057	.001	.126	.027
Median PTW ratio ^c	.023	.016	.038	.000
\$50-199 per month (NCPs)	20	53	51	25
Wages reported (NCPs)	18	37	41	18
Median monthly wage	\$ 363	\$ 1,441	\$ 601	\$ 2,129
Median MTW ratio	1.095	.010	.273	.069
Median PTW ratio	.210	.091	.184	.067
\$200 or more per month (NCPs)	4	96	74	71
Wages reported (NCPs)	4	70	62	59
Median monthly wage	\$ 746	\$ 2,154	\$ 1,742	\$ 3,0140
Median MTW ratio	1.674	.096	.196	.124
Median PTW ratio	.410	.180	.179	.125
All	151	165	169	136
Median amount paid ^d	\$ 1	\$ 270	\$ 163	\$ 202
Wages reported (NCPs)	100	113	135	94
Median wage reported ^a	\$ 163	\$ 1,812	\$ 918	\$ 2,380
Median MTW ratio	1.767	.044	.197	.113
Median PTW ratio ^e	.044	.134	.145	.110

^a The median monthly wages for 15 quarters for those with reported wages for covered employment.

^b The ratio of monthly order amount (MOA) to wages.

^c The ratio of payments to wages.

^d For all the NCPs in the debt pattern with orders (excluding IJ cases) including those who paid nothing.

^e For all with reported wages including those who paid nothing.

In the Decreasing debt pattern the median PTW ratio exceeds the median MTW ratio at every level. This debt pattern was characterized by low MTW ratios, containing the NCPs with the oldest cases, some of which now are arrears-only or with very low current support remaining. Even here, the PTW ratio is below .20 for each level.

For the other debt patterns, the MTW ratio is the same or higher than the payment ratio. Generally, the median PTW ratio is below .20 at every payment level (except for a small number of NCPs in the Increasing pattern).

The longitudinal study concluded that debt is likely to grow if the monthly order is higher than 20 percent of wages. We might conclude that one reason for this is that NCPs are not likely to pay more than 20 percent of wages.

There is a clear distinction between debt patterns evident in this table. Whether we compare them by looking across each separate payment level or whether we just look at the bottom section of the table, there are clear differences on amount paid, on wages, and on ratios of monthly order to wages.

Yet the summary for the Increasing debt pattern shows that the situation of these NCPs was far different from that of any other pattern. They had the lowest payments, the lowest wages, and the highest ratio of order to wages. The Intermittent pattern ranked next on all three of these measures. But wages for the Increasing pattern were only 17.8 percent as much as the Intermittent pattern's. While current support for the Intermittent pattern was about 20 percent of wages, Increasing pattern parents were expected to pay almost 1.8 times as much as they earned. One consequence was that Increasing pattern parents paid less than one percent (0.7 percent) as much as Intermittent pattern parents.

Impact on Arrears

The case assessment looked at a sample of NCPs defined by the debt pattern they exhibited over a period of 15 quarters. In this section we have looked at order amounts, payments, and wages over that 15-quarter period. We have also explored the relationship between monthly order amount and wages, and between payments and wages. What impact did these relationships have on arrearages over that period? How did arrearages change?

Table 3.8 shows the arrears changes through this period. The table displays the totals by debt pattern at the beginning and end of the 15-quarter period.

Table 3.8. Changes in Arrears Over 15 Quarters

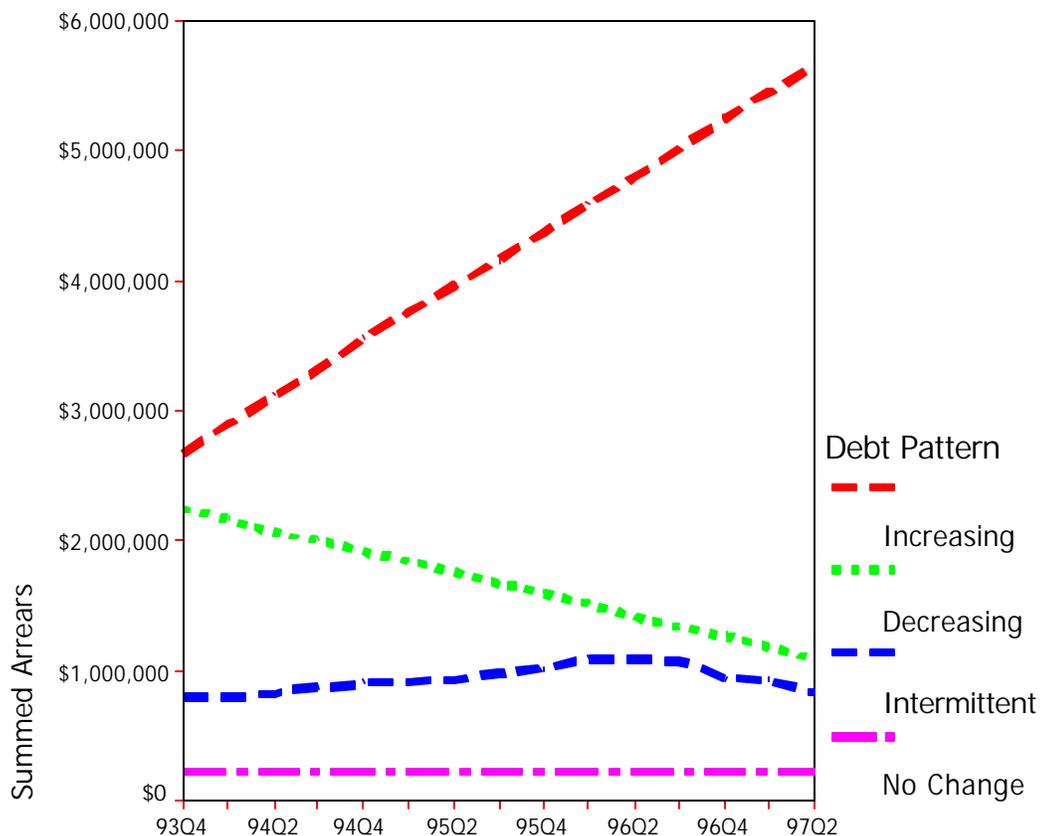
	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Noncustodial Parents	199	199	199	197
IV-D cases in 1993Q4	271	233	160	200
IV-D cases in 1997Q2	321	232	205	200
Total IV-D cases in 15 quarters	329	241	263	206
Debt in 1993Q4 summed	\$ 2,679,387	\$ 2,263,046	\$ 808,767	\$ 223,426
Debt in 1997Q2 summed	5,663,048	1,091,325	847,824	220,956
Net change over 15 quarters	+ 2,983,661	- 1,171,721	+ 39,058	- 2,470
Of which:				
Initiating Interstate	+ 599,721	- 221,251	- 1,267	- 2,470

The No Change pattern had by far the lowest debt both at the beginning and at the end. The Intermittent pattern was the next lowest at the beginning and showed a modest (4.8 percent) net increase by the end. The Increasing and Decreasing patterns had the highest debts at the beginning, with the Increasing at roughly 2.7 million dollars and the Decreasing at about 2.25 million dollars. The Increasing more than doubled, while the Decreasing declined by almost half over the 15 quarters.

For the Increasing pattern, NCPs with Initiating Interstate cases (24.1 percent of these NCPs) contributed \$599,721 or 20.1 percent of the net increase. NCPs with Initiating Interstate cases made up 17.1 percent of NCPs in the Decreasing pattern and contributed 18.9 percent of the net decrease in arrears.

Figure 3.d displays the four patterns of debt change over the 15 quarters. The stunning growth in debt for the Increasing pattern dominates the chart.

Figure 3.d. Arrears Patterns Over 15 Quarters



Summing Up Fifteen Quarters

In reviewing the 15-quarter record, the Increasing debt pattern stands out in every table. These NCPs faced the highest current support orders by far. All of them owed current support at least part of the 15 quarters, while some parents in the other patterns did not. With a mean of \$345 and a median of \$323 (the closest of any pattern as well as the highest), their orders appear to be the most consistent of any pattern.

From the monthly order amounts, one might expect that the Increasing pattern would show the highest wages as well. On the contrary, these NCPs had the lowest wages by far. For this pattern, median monthly current support orders were higher than median monthly wages.

Payments reflected wages. Of the total paid over the 15 quarters, the median amount in the Increasing pattern was just \$75, compared to \$10,480, \$5,960, and \$6,687 for the other patterns. Many parents in the Increasing pattern (46.2 percent) paid nothing in 15 quarters.

For three patterns, median payments were substantially larger than median arrears, although the amounts differed by pattern. But for the Increasing pattern, median debt far outweighed median payments.

After reviewing these tables, no technical knowledge of the child support program is required to summarize what happened to the Increasing debt pattern:

Wages were low. Consequently payments were low. But orders were high. Therefore debt escalated.

But it is not so simple to understand why this happened. Why were orders so disproportionate to wages? Why did this pattern of escalating debt gain such momentum? Why was there no intervention to reverse this dynamic? What interventions *can* stop such a pattern once debt reaches such magnitude among a large group?

The remainder of the case assessment addresses these questions. To find answers we will look beyond the 15 quarters.

4. Setting and Maintaining Child Support Orders

Summary

This chapter examines order setting under the Washington State Child Support Schedule, uses of imputed income in setting orders, and the order modification process. Poor documentation made it difficult to determine the income basis for setting many of the orders. But several factors were evident. Use of imputed income inflated many orders. When NCPs had irregular income, prosecutors and staff made inconsistent decisions about what income to use. This problem was worsened when the NCP had multiple orders, because as a new order was added for a new child, more support was required on the basis of inconsistent income assumptions. Many NCPs had multiple cases and children from other relationships. The Schedule permits deviations for these only if the child support is actually paid and there is a duty to support the child. This means that when an order is already too high, the NCP is likely to get a second high order added. Moreover, deviations are discretionary, and judges differ in allowing deviations.

Modifications should address the problem of inaccurate orders. Yet very few child support orders had been modified. Only 10.5 percent of cases in the Increasing pattern and less than 20 percent in any of the others had had an order modified. The modification process is complex and expensive for parents; they become discouraged. DCS has been required to conduct a review for modification every three years on TANF cases, but the rigid review criteria prevented some cases from being sent on for modification.

The Washington State Child Support Schedule presents some challenges for DCS, particularly when setting orders for low-income NCPs and for NCPs with multiple orders. However, our analysis found that much debt growth resulted from DCS and affiliated prosecutor practices related to orders but not mandated by the Schedule. The chapter concludes with recommendations for working with the Schedule to minimize debt growth.

Setting Orders

The analysis in Chapter 3 left us with a central question: why were monthly order amounts so disproportionate to wages in the Increasing debt pattern? Beyond that immediate question, why was there so much variation in the ratio of monthly order amounts to wages throughout the sample? Why did this seeming incongruence with

the requirements of uniform support order guidelines persist over such an extended period?

In 1988 Washington State implemented a child support schedule in response to the federal legal requirement that all states institute uniform guidelines. But some of the cases included in our case assessment were created years before the uniform guidelines.

Prior to 1988 child support orders were set in a variety of ways. Most were court orders signed by judges who may have followed local county guidelines or else used their own discretion. Some orders were set administratively. Some orders were established by other states.

Prior to November 16, 1973, Washington administrative orders used the public assistance grant amounts to set the order, obviously reflecting the cost-recovery imperative.¹ Effective then, administrative notices used a chart called the Scale of Minimum Contributions. This chart used the net income and number of children to determine the obligation. Effective in August 1978, a new Scale of Minimum Contributions substituted straight percentages of net income: 24 percent, one child; 35 percent for two children; up to 48 percent for four or more children. If income was unknown, the notice used the need standard (from public assistance) or the payment standard. For example, the payment standard for one child in January 1986 was \$314 or \$397, depending on whether the field office included the custodial parent in the calculation. The need standard at that time for one child was \$497 or \$628, again depending on field office procedure.

Variety undoubtedly exists in the original child support orders. Yet federal and state laws passed since 1988 also have required periodic reviews for modification. Considering that the majority of the sampled NCPs in each debt pattern have had their maximum obligation since 1993, it seems reasonable to focus our attention on the uniform guidelines adopted in 1988. Certainly, sampled cases with orders established in Washington State ought to be current with the 1988 guidelines.

The analysis here begins with a look at the provisions of the Schedule. Next we illustrate applications of the Schedule in setting orders. Then we look at the relationship between orders and debt patterns, using case assessment data to identify major problems in order setting and maintenance. At the end of the chapter we present suggestions about managing orders and working with the Schedule to minimize debt and improve collections.

Washington State Child Support Schedule

Setting order amounts is regulated by the Washington State Child Support Schedule (WSCSS, or Schedule). The Schedule, based on an income-shares model, was

¹ The discussion in this paragraph draws on the current *DCS Support Enforcement Handbook*, section 6.090: Calculating the Monthly Support Obligation – Need Standard, Grant Standards; and a February 1998 Seattle DCS field office memo, *Pre-WSSR Non-Court Ordered Debts*, Seattle Book Policy Memo #1998-005.

implemented on July 1, 1988. This model considers both parents' income in computing the obligation. The statement of legislative intent for establishing the Schedule explains in part:

The legislature intends . . . to insure that child support orders are adequate to meet a child's basic needs and to provide additional child support commensurate with the parents' income, resources, and standard of living. The legislature also intends that the child support obligation should be equitably apportioned between the parents. RCW 26.19.001.

The Schedule's economic table lists a basic child support obligation per child (BCSO) for the combined net income of the parents, breaking out the amounts by age of the child (age 0-11 and age 12-18) and number of children in the family. When there is more than one child, the BCSOs are summed. Next the NCP's percentage of the combined net income is calculated. This percentage then determines the NCP's share of the BCSO, or summed BCSO if there is more than one child.

Certain extra expenses for health care, day care, and other issues may be computed and credits applied for extra payments of some kinds. Deviations from the standard calculation are allowed for certain reasons, which must be documented. For example, child support paid for children from other relationships may be taken into account for a downward deviation. Other children in the household may be considered. Extra household income may be taken into account for an upward deviation. But deviations are discretionary, not required.

The economic table has remained unchanged since its inception for the lower levels of combined monthly net income up through \$2,500 per month. But in 1991 the economic table lowered the BCSO for combined net monthly income levels beginning at \$2,600. The drop increases as we move upward through income levels. For example, the BCSO for a child aged 12-18 in a two-child family dropped from \$598 to \$538 for a combined income level of \$3,000; from \$779 to \$584 for an income level of \$4,000; from \$1,024 to \$768 for an income level of \$5,500; and from \$1,261 to \$946 at the \$7,000 income level.²

Keeping the lower income levels intact seems to reflect the intention of ensuring a child's basic needs are met. But lowering the upper-income obligation implies some compromise of the income shares model's expectation that the child should continue to share in both parents' standard of living after a break-up. Certainly, the major financial beneficiary of this change would be a noncustodial parent with the predominant share of the combined net income at the upper income level.

² For combined income under \$5,000 per month, the economic table is "presumptive." That is, the standard calculation of child support derived by using the economic table establishes the presumptive transfer payment unless a deviation is granted. For income above \$5,000, the economic table is "advisory" rather than "presumptive." Yet the explanatory paragraph also states: "When combined monthly net income exceeds five thousand dollars, support shall not be set at an amount lower than the presumptive amount of support set for combined monthly net incomes of five thousand dollars unless the court finds a reason to deviate below that amount."

Originally, the BCSO represented only a slightly higher proportion of income at lower levels than it did at upper levels. For example, the BCSO for a one-child family with the child aged 0-11 was (and still is) \$133 for a combined income of \$600, representing 22.2 percent of the parents' net income. At \$2,500 the BCSO is almost the same proportion (\$526, or 21 percent). But at the \$4,000 level the BCSO originally was \$812 or 20.3 percent, and now is \$609 or 15.2 percent. At the \$7,000 combined income level the proportion has dropped from 18.8 percent (\$1,314) to 14.1 percent (\$986).

Given the basic subsistence needs that all human beings have, the first \$100 worth of money for a child's support is undoubtedly more significant than the ninth \$100. Because of the priority of food, shelter, and clothing, a low-income parent will spend a larger proportion of income providing for a child. But, of course, by the same token, the first \$100 is more essential to the parent for assuring his own survival needs than the ninth \$100.

The BCSO described above is based on the combined net income of both parents. The actual child support transfer payment set for the NCP is based on the NCP's share of the combined net income. The NCP's share could vary widely, from 0 to 100 percent. What provision does the Schedule provide for obvious contingencies?

- The economic table starts at a combined monthly net income of \$600 a month. If combined income is under \$600, the Schedule provides for a presumptive minimum order of \$25 per month per child.
- Public assistance received is excluded from income. Resources from TANF, SSI, general assistance, and food stamps are to be disclosed but neither counted as income nor treated as a reason to deviate from the standard calculation.
- The Schedule provides for a limitation on the transfer payment amount of 45 percent of the NCP's net monthly income.
- The Schedule provides for a subsistence reserve for the NCP. The transfer payment cannot reduce the NCP's income below the one-person need standard. This amount has changed over the years. In July 1988 it was \$533; in October 1993, \$739; in June 1997, \$788; and as of March 1999, it was \$797.
- Although the intention is partly to ensure the child's basic needs are met, the Schedule itself does not mention any standard for the family. The economic table presents percentages of income, but does not provide the equivalent of the need standard that was provided as a limit for the NCP. There is a minimum payment of \$25 per month per child specified for parents with very low combined income. For low-income families, public assistance is not guaranteed but is exempted from income calculations.
- When the actual income of one of the parties is not known, the Schedule provides for imputing income. It will be imputed on the basis of past income or tax return information if available. Imputing income to a parent known to be "unemployable" is prohibited. But "only if there is no other information," the

Schedule provides for imputing income at the national median net for full-time workers of that person's age and gender. The Schedule occasionally updates the chart for Approximate Median Net Monthly Income, using U.S. Census Reports. The median net chart in the 1989 Schedule showed a net monthly income of \$1,554 for a male aged 25-34, and \$1,175 for a female of the same age. The 2000 Schedule showed \$2,154 (male) and \$1,807 (female) for ages 25-34.

Measuring Up

What relationship is there between the Schedule and the results we saw in the previous chapters, where some NCPs had monthly order amounts far higher than their monthly wages, while others had orders set at less than 4 percent of their income?

The Schedule sets two upper limits on the order. It limits the NCP's total child support obligation to no more than 45 percent of the NCP's net income. It also provides that the order cannot reduce the NCP's income below a basic subsistence reserve.

Should we assume, then, that our analysis of the 15-quarter period shows widespread disregard or violation of the Schedule? *No.*

- *The Schedule is written within the framework of one order for a set of children with one custodial parent.* "Total child support obligation" here refers only to the obligation established on this single order. It does not refer to common situations within the IV-D case load, where the NCP has multiple cases or multiple orders on a single case. The Schedule allows the court to consider a deviation for child support actually paid for children from other relationships if the NCP has a duty to support them. The court is not required to allow such deviations.

Therefore an NCP with four cases could have four monthly support orders, each set below 45 percent of net income. Whether the combined order reduces the NCP's income below the one-person need standard just depends on how high that NCP's income is.

- *The Schedule provides for a minimum order of \$25 per month per child if the parents' combined net income is below \$600.* It explicitly states that the support obligation "shall not reduce . . . net income below the need standard . . . , except for the presumptive minimum payment of twenty-five dollars per child per month or in cases where the court finds reasons for deviation." RCW 26.19.065.

As stated in the Washington law, the \$25 per month per child is a *mandatory* presumptive minimum. An incarcerated or incapacitated NCP with no reportable income but with three children can have an ongoing current support order for \$75 a month.

But subsequent court decisions have established that the \$25 per month per child is to be treated as a *rebuttable* presumptive minimum in conformity with the federal requirement, regardless of the state legislature's original intention.³

This means that NCPs can rebut the \$25 presumptive minimum by showing that it is unjust or inappropriate in their case. The burden, however, remains on the NCP, especially on court orders.

Following the decision in *N.R. v. Soliz*, DCS adopted the practice of serving a "zero notice" (current support of \$0 per month) on administrative notices when the NCP is known to be incarcerated, on a grant, receiving SSI, or permanently disabled and on disability benefits. Since administrative notices often end up as default orders, this practice undoubtedly avoids some uncollectible debt. But in general the results of the \$25 presumptive minimum are widely evident.

- The Schedule provides for imputing income if the NCP does not provide income information or if the NCP is voluntarily unemployed or underemployed. If income is imputed at median net for full-time employment while the NCP's actual income is much lower, the limits of 45 percent and the need standard will likely be circumvented.
- The Schedule directly provides for setting orders at a higher proportion of income for lower-income parents than for higher income parents, at least when both parties' incomes are combined. Moreover, within the same income level, the percentage of income represented by the final transfer payment (monthly order amount) will differ depending on the NCP's share of the combined income.

Consequently, MTW ratios will differ between two orders even at the same combined income level.⁴

³ The federal requirement that a minimum presumption be rebuttable is in 42 U.S.C. sec. 667(b)(2); see also 45 C.F.R. sec. 302.56(f) and (g). An unpublished 1994 U.S. district court summary judgment in a class action suit stopped the state of Washington from enforcing the mandatory minimum for Washington administrative orders. *N.R. v. Soliz*, No. C93-53338B (W.D. Wash. 1994). The Washington judicial decision overturning the mandatory minimum for court orders was *In re Marriage of Gilbert*, 88 Wn. App. 362; 945 P.2d 238 (1997). David Gilbert was incarcerated at the time a superior court entered an order requiring him to pay the statutory minimum amount of \$25 per month per child.

⁴ Consider two child support cases. Two NCPs each have one case, each with a single order for a six-year-old child. One order reflected a BCSO of \$427, which was 21.4 percent of the parents' combined net income (\$2,000). The NCP had 80 percent of that income, so the child support order payment amount was set at \$341.60. On the other case the combined income was \$4,500, so the BCSO was \$677 (15 percent). But the NCP contributed only 55 percent of that income, so the current support order was set at \$372.35. One NCP then would pay \$342 on a net income of \$1,600, while the other would pay \$372 on a net income of \$2,475. To compute the MTW ratios, we would use gross rather than net income, but even so, it is obvious that the MTW ratios will differ considerably.

In more complex comparisons—where there are different numbers of children as well as contrasting income levels and the parents differ in share of income—the MTW ratios will become even more diverse and unpredictable. And the IV-D case load contains many NCPs with multiple cases, adding yet another layer of complexity.

The Schedule was intended to govern the writing of all child support orders entered in the state. It does not mention the agency and does not assume that the orders covered will be enforced by the agency.

The Schedule works best when the parents both have earned income at or above median income level, and all the children are covered under one order. It can accommodate situations where one party has another support order if the income level is sufficiently high. It works best when the parties' income is fairly evenly matched, so the NCP does not end up with a transfer payment approaching 45 percent of net income.⁵

The Basis of Orders in the Case Assessment

As part of the research plan, we intended to determine the income basis used to set original child support orders. We wanted to know the share of orders based on actual income, since these were most likely to be accurate. We also wanted to determine how income was imputed, and, especially, how often imputed median net was used.

This proved very difficult because of the period during which we completed the coding and the age of many cases.⁶ At the time of coding, about 40 percent of the sample cases were already closed, while the others were open cases still being worked by field office staff. We did not have access to orders on open cases. For some closed cases, we requested copies of microfilmed records from archiving staff in DCS state office. Unfortunately, we found that the needed item was missing in about half of the cases. For example, documentation of the basis for setting the order often is in the WSCSS worksheet attached to the order rather than in the order itself. But the necessary

⁵ Consider the following hypothetical example. Both father and mother are in the age group 35-44, and each happens to earn the median net income for that age-sex group: \$2,610 for the father, and \$1,957 for the mother, giving a combined net income of \$4,567. They have two children, one aged 6 years, the other 13 years. This yields a summed BCSO of \$1,196. (For two children, this summed BCSO is 26.2 percent of \$4,567 combined net income.) The father's share would be \$682.92 (57.1 percent); the mother's \$513.08 (42.9 percent). If the father is the NCP, his transfer payment is nowhere near the 45 percent limit, which would be \$1,174.50 for his income. Similarly, if the mother is NCP, the 45 percent limit would be \$880.65. Neither parent's income would be reduced below the need standard by the standard transfer payment. Yet neither would be left with a large net income after paying support: the father as NCP would have \$1,927.08; the mother as NCP would have \$1,443.92. After subtracting housing, the NCP would have a very modest amount for other expenses, unless the NCP shares household expenses with another adult--and without additional children. For parents below the median net income, and especially with unevenly divided income, the outcome will be much harder to manage.

⁶ DCS had started imaging newly entered court orders, but the retrospective conversion of paper files to imaged records had not begun at the time of coding.

pages from the WSCSS worksheets were frequently not microfilmed if indeed they had existed.

To discern the basis for setting the order, the coder looked at the narrative record, case comments, on SEMS. Usually the information was not entered there. The coder then resorted to detective work. She consulted charts for various years showing the need standard, grant standard, median net income by gender and age, and other tools used to set orders.

It is relatively easy to determine when income was imputed at a set rate such as minimum wage or according to a chart, such as median net by gender and age. But it is much harder to detect when part-time or temporary employment has been imputed to full-time. This is a standard practice among DCS staff and county prosecutors, even when there is not evidence of deliberate “underemployment.”

The results of the coder’s search are displayed in Table 4.1. In the end we could not determine the basis of over half of the original orders.

Table 4.1. Income Basis Used to Set Child Support Orders

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Original orders ^a	366	291	312	201
Basis of original order: ^b				
Actual income of NCP	39	28	44	27
Percent of net income		4	3	
Imputed from ES or employer	17	11	20	7
Imputed median net income	41	7	17	7
Imputed need standard	44	9	17	7
Imputed grant standard	6	7	4	1
Imputed minimum wage	5	1		1
Imputed earning capacity	1		1	
Another state set order	22	51	37	34
Public assistance expended		2	1	1
Other basis		2		
Can't tell	204	147	165	112
<i>Percentage of Orders with Income Basis Determined</i>				
Based on actual income	10.7 %	9.6 %	14.1 %	13.4 %
Imputed at median net	11.2 %	2.4 %	5.4 %	3.5 %
Set by another state	6.0 %	17.5 %	11.9 %	16.9 %
<i>Percentage with undetermined basis</i>	55.7 %	50.5 %	52.9 %	55.7 %

^a As used in this report, an original order is an order used to set initial child support on a case. A case may have multiple original orders, if new children are added to the case under separate orders.

^bSee chapter text for description of methods used to discern the basis for setting the order.

The coder was able to document that at least 10.7 percent of the Increasing pattern orders were based on actual income, compared to 9.6 percent for Decreasing, 14.1 percent for Intermittent, and 13.4 percent for the No Change pattern. But it is possible that a good number of the “Can’t Tell” category also were based on actual income.

The Increasing pattern is differentiated from the others by the higher percentage (though only 11.2 percent) based on imputed median net, and the lower percentage set by other states. Other than the magnitude of the “Can’t Tell” category, perhaps the main surprise was the low percentage that could be documented as imputed at median net.

Given the salience of the monthly order/wage ratio for the debt patterns during the 15 quarters, our limited success in determining how orders were set is disappointing. For NCPs in the Increasing debt pattern, how did they get such high orders? How many of their orders were accurate for income at the time they were set? We cannot quantify the answers. But our study of these cases led to these observations about the underlying dynamics.

- *Many NCPs had multiple cases and children from other relationships.*

The Schedule says that the court “may” consider a deviation only if child support is actually paid and only if there is a duty to support the child. The logic behind the policy is understandable. Nevertheless, the result is that a parent who already has a high order is likely to get a second high order piled on top. If the first order was too high to pay, adding the second will not make either more payable. Moreover, some judges refuse to consider other children in setting or modifying an order.

- *Many NCPs had default orders based on imputed income.*

DCS must establish an order. DCS cannot allow the NCP to avoid or delay order establishment. Both federal and state laws impose time limits on the child support agency to serve notice and establish orders, limits extended only by documented evidence of diligent efforts to locate the NCP.⁷ These requirements put a premium on speed and encourage serving notices with imputed income, which often end up as default orders.

Because of the required time frames and the need to collect child support from NCPs who are sometimes uncooperative and hostile, DCS procedures emphasize quick action while providing opportunities for the NCP to rebut information, object to proposed amounts, and request hearings. For years, notices were “served high,” in the expectation that this would elicit the NCP’s rebuttal, bringing the NCP in with accurate wage information so that a lower order would be created.

⁷ Federal time limits are found in 45 CFR 303.2 through 303.4. Washington State law (RCW 74.20A.055) imposes additional limits on DCS administrative orders for TANF and foster care cases. If notice is not served within 60 days from the opening of TANF, the so-called Sixty-Day Rule prohibits DSHS from collecting reimbursement for public assistance expended between the 61st day and the actual date of service.

It is still standard practice to impute full-time employment to NCPs whose only reported earnings are for part-time work. It is assumed that the NCP is capable of full-time work and can find such work, unless the NCP provides a positive rebuttal. The NCP is assumed to be responsible for responding.

But NCPs often do not respond, resulting in default orders for higher amounts than they can realistically pay. Sometimes they fail to respond because they are hostile or scofflaws. But some may be illiterate, unable to read English, disabled, or an immigrant afraid to confront the state. It can be years before DCS discovers the NCP's incapacity. In the meantime, arrears continue to grow.

Orders based on actual income, entered with NCP participation, are more likely to be realistic and elicit cooperation.

- *Using median net income in imputing income resulted in inflated orders.*

The IV-D case load generally overrepresents low-income parents. For example, in 1992 national median net monthly income for a 40-year-old male was \$2,118, and in 1998 it was \$2,610. By contrast, the median gross monthly income as measured by reported wages for NCPs in our sample for the 15-quarter period (1993-1997) was as follows: Increasing debt pattern, \$58; Decreasing debt pattern, \$1,235; Intermittent debt pattern, \$569; and No Change debt pattern, \$1,067. Even if we exclude those with no reported wages (from 20 to 33 percent, depending on the debt pattern) from the calculation, we still find the sampled NCPs below national median net.

Sometimes prosecutors and DCS staff imputed income at median net even when income information was available. For example, in one case, information showed the NCP had about \$2,500 reported wages for approximately 400 hours. However, the administrative notice used median net, which was \$1,567. Had this NCP's income been imputed to full-time from the wage information, the imputed income would have been \$1,089 (\$6.28/hour times 173.33 hours). The use of imputed median net overstated the NCP's monthly income by approximately \$480 in this case.

- *Many NCPs had irregular income, rather than the stable annual income the Schedule expects.*

Reported wages for various quarters often showed less than full-time employment with frequent job shifts. In these situations prosecutors and DCS staff made inconsistent decisions about what income basis to use. (As the above example shows, some used median-net even when there were reported wages.)

- *Some NCPs had multiple orders on the same case.*

This situation was particularly likely to occur when unmarried couples had a succession of children and each child got a separate order. This sometimes resulted in orders with inconsistent income bases. Moreover, if the first order took almost 45 percent of net income or put the NCP close to the need standard, and the staff person felt bound to add something for another child, the cumulative orders could easily be too high to pay as current support.

- Sometimes the prosecutor and DCS staff faced very difficult situations with NCPs who had multiple cases with multiple orders and judgments, and low or irregular income.

These NCPs often accumulated large court-ordered judgments with each order, adding thousands of dollars to the debt, in addition to monthly current support. With income imputed in different ways for each successive round of judgments and current support, uncollectible debt grew rapidly.

Orders and Debt Patterns

Thus far in this chapter we have examined the Washington State Child Support Schedule and discussed some uses of the Schedule in setting of orders. Now we turn to some larger issues of the relationship between child support orders and NCP debt patterns.

Table 4.2 sets the stage with summary data on orders and modifications. The Increasing debt pattern has 378 cases, followed by the Intermittent with 308, while the other two patterns have fewer cases. In this table we distinguish between an original order and a modification. An original order is the order that initially set support for a child or children. A modification is a later order that alters the support amount for those same children.

Table 4.2. Cases and Orders

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Total IV-D cases	378	268	308	229
Of which:				
Cases without an order ^a	5	3	2	34
Cases with order established	373	265	306	195
Average orders per case ^b	1.2	1.2	1.2	1.1
Cases with only shared order ^c	86	29	51	15
Total original orders ^d	366	291	312	201
Total modifications	44	53	60	57
Cases ever modified	39	40	43	38
Share of cases ever modified	10.5 %	15.1 %	14.1 %	19.5 %

^aCases with no order established. Some of the NCPs had additional cases with an order established; 29 parents in the No Change pattern had no order on any case.

^bThe average (mean) number of orders for cases with an order established. This includes both original orders and shared orders, both explained below.

^cThese cases shared an order with another case, which is listed under the category of original orders.

^dAs used here, an original order is an order used to set initial child support on a case. A case may have multiple original orders, if new children are added to the case under separate orders. The maximum found in the sample was four orders on a case.

Orders and cases are not conterminous. Some cases have multiple orders. Some cases lack orders, and no obligation was established. Other cases share an order with another case.

Multiple original orders setting support on a case are likely to occur in situations where the parties are not married but have had on/off relationships. As additional children are born, a separate order is created to add them to the case. We expected to find a higher incidence of multiple orders in the Increasing debt pattern. Our hypothesis was that in setting a separate order for a new child, the result was a higher monthly order amount than if two children were originally covered in the same order. We found, however, that the Increasing, Decreasing, and Intermittent patterns showed the same average of 1.2 orders per case. The Increasing pattern had a higher total number of orders because of the larger number of cases.

Modifications were not common for any debt pattern. But here the Increasing debt pattern showed the least, with 10.5 percent, while the No Change pattern had the highest at 19.5 percent. Moreover, repeat modifications of the same case were more common in the other patterns than in the Increasing.

Lack of Modifications

Both the case assessment and the longitudinal analysis identified large groups of NCPs with monthly orders that seem extraordinarily high or low for reported wages. If the NCP had multiple orders, a very high combined monthly order amount could indeed be compatible with the child support schedule. If multiple cases were involved, modifying each case separately could still produce very high monthly orders. Nevertheless, there were enough NCPs with one case and orders disproportionate with wages to suggest that modifications could have helped. Given the frequency of irregular income (short-term or part-time employment) and high MTW ratios in the Increasing debt pattern, timely modifications would seem to be important.

Parents with IV-D cases have two methods of requesting a modification. They may petition the court directly, or they may request that DCS review the order. Upon review, if the case meets certain criteria, DCS will refer the order for modification. A court order will be referred to a prosecuting attorney; an administrative order may be modified through the administrative process.

Even without a parent's request, DCS has been required to review federally funded public assistance and foster care cases every 36 months to see if they should be referred for order modification.

Given the need, the alternative avenues, and the requirements on the agency, why were there so few modifications on these IV-D cases?

The coder's review identified three major problems. The first relates to the court process for modification. The modification process is complicated, time-consuming,

and difficult. Many parents become discouraged at the prospect of doing this on their own without an attorney. But attorneys are expensive. Consequently, parents give up.

The alternative to pursuing a modification on their own is to ask DCS to do a review. Case comments showed that, if parents inquired, the SEO often recommended that they file their petition directly without going through DCS.⁸ If, however, parents requested that DCS review the case, it then had to meet certain review criteria to determine if DCS would pursue a modification.

Timely Reviews versus Timely Modifications

The second problem identified was the DCS review process. To prevent IV-D agencies from being overwhelmed with the expense and work load of modifications, the federal government permitted states to set some gate-keeping standards. When DCS does a review, it will not proceed with the referral for modification unless the case meets a number of criteria. Probably the most critical of these is that “the change in the support order will be greater than 25 percent *and* \$100 per month.” The requirements apply to public assistance cases reviewed every 36 months as well as to reviews by request.

The coder found a number of instances in which low-income NCPs were denied referrals for modification because of the 25 percent-and-\$100 requirement.

The third problem encountered was that sometimes DCS and prosecutor staff did not respond to the needs of persons with long-term disabilities. Helping NCPs get modifications of orders can help reduce debt growth, an outcome of benefit for both the NCP and DCS and perhaps for the custodial family as well. Some DCS staff and some prosecutors did not understand the difference between Social Security Disability (SSD) and SSI, a public assistance program for the disabled. SSD can be garnished, and dependent benefits are often available to the children through their parent’s claim. SSI cannot be garnished, and no dependent benefits are available through SSI.

Sometimes an individual receives SSI temporarily while an application for SSD is under consideration. Hence it might be reasonable for DCS to delay for a year or even two to see whether the NCP will move to SSD. But leaving SSI cases open for years with debt growing in the anticipation that some year SSD will be granted does not appear to be sensible. If case closure seems premature, modification is an alternative.

Modifications and Case Type

The case assessment looked at the association between case type and modifications. We found that across all debt patterns, cases that had always been TANF were the

⁸ This recommendation was not counter to policy. The DCS Handbook in fact states that staff should generally encourage the party to file a petition on their own, because the court may address the issue faster; the judge will hear the case, while DCS screening might not send the case on to the court; and there probably will be less paperwork. DCS procedures for review and modifications are outlined in CN-165, *Review and Modification*, September 23, 1997.

least likely to be modified. Here the Increasing debt pattern had the highest share: 7 percent of TANF cases had ever been modified. Cases that had never been public assistance were the most likely to have been modified. Cases that began as nonassistance cases were more likely to have a modification in every debt pattern than those opened as TANF. Since by law and/or policy, DCS staff have been required to review TANF cases for modification at least every three years, this was a surprising finding. There are two likely explanations:

The screening criteria that reviewers use may be more likely to exclude low-income NCPs. Perhaps changes are less probable on a TANF case than on a Nonassistance case because of the NCP's income and life circumstances.

Nonassistance cases get more modifications because the parents are more likely to have the means to hire a private attorney and/or the education to pursue the modification process on their own. Parents on TANF cases are usually dependent on DCS and its affiliated county prosecuting attorneys to initiate modifications, which subjects the cases to the screening criteria.

What Is Needed?

This brief look at modification issues has simply identified problems evident in the case assessment. Finding solutions for the lack of modifications would require a separate study. Dissatisfaction with the cumbersome court-order modification process has been longstanding, and the solution does not simply depend on DCS.

What does depend on DCS is the recognition that accurate orders are essential if collections are to be increased and arrears decreased. Monitoring orders and keeping them current is a basic requirement for improving child support enforcement. If orders are too high, NCPs cannot pay current support and debt grows. If orders are too low, families do not get as much support as they could, and DCS misses collections that would balance arrearages elsewhere.

- *The modification process is precisely monitoring orders and keeping them current.*

Increasing the number of modifications appears to be a challenge in a time of critical state budget shortfalls. Modifications require attorney time, both internal (claims officers) and external (prosecutors). Yet updating orders is critically important to improving collections and minimizing debt. Some expedited method should be developed for DCS staff to get basic paperwork for court-ordered modifications ready for the prosecutors. DCS should also explore with prosecutors the options for *adjusting* orders, a simpler process that could be done more frequently than the full modification.⁹ Modification of administrative orders is an in-house process and should not require complex changes.

⁹ Adjusting orders to reflect changes in income does not require showing of substantial changes in circumstances and can be done with a motion and filing of child support worksheets, rather than a new petition that revisits numerous issues. RCW 26.09.170(9)(a).

Instead of modifications, DCS emphasizes timely reviews for modification to meet federal requirements. Both field practice as identified in the case assessment and DCS literature are centrally preoccupied with strict interpretation of the review criteria. But the review criteria are not aimed at facilitating modifications; they are for gate keeping to limit modifications.

Review criteria are necessary. The existing ones, especially the 25 percent-and-\$100 a month rule, may have more restrictive impact on low-income NCPs than on those with higher incomes. In revising criteria, the input of attorneys and SEOs should be sought. An empirical study should be done to see what impact particular requirements have on NCPs at different income levels.

Managing Child Support Orders

In this chapter we have examined the relationship between debt patterns and child support orders. In particular we sought explanations within the order setting process for the wide variation in ratio of monthly order amount to reported wages (MTW ratio) found in this research. Both the case assessment (above, Chapter 3) and the longitudinal analysis (Volume 1, Chapter 3) found that debt change was correlated with variations in the ratio of monthly order to wages. Why were monthly order amounts so disproportionate to wages for NCPs in the Increasing debt pattern? And why was there so much variation in the ratio of monthly order amounts to wages throughout the sample? Here we have reviewed the child support guidelines, examined steps in order setting and maintenance, and looked at characteristics of orders associated with debt patterns. From our examination of orders came another question: How can DCS manage orders so as to minimize debt growth and improve collections?

The analysis in this chapter highlighted factors leading to orders that are too high for substantial segments of the IV-D case load. DCS policies and procedures play important roles here. DCS has the power to make changes here that would minimize debt growth.

Maximizing the Administrative Process

DCS has available an administrative process that provides flexibility in managing child support orders for difficult circumstances. The process provides a way of establishing child support orders and also modifying them. However, a court order cannot be modified administratively. The administrative process is particularly useful for managing child support orders for never-married couples (in which paternity is not disputed) and low-income NCPs. DCS has more control over the administrative process than it does when the judicial process is involved.

DCS establishes some child support orders through the administrative process. Often these begin with an initial administrative notice proposing a child support amount based on imputed income, and they end up as default orders based on imputed income because the NCP does not respond. By providing quicker follow-up, DCS might avoid inaccurate orders and debt growth. This could happen at two points.

- If the NCP has not responded to the notice, DCS could send a simple one-paragraph letter by regular mail telling the NCP of the urgency of responding to get an accurate order. DCS notices are thorough and therefore lengthy, often arriving as packets of forms. A simple follow-up letter inviting response may improve understanding.
- Again, if the NCP does not respond and debt begins to accrue on the default order, another simple one-paragraph letter could be sent telling the NCP about hearing rights and providing a DCS phone number. Where DCS has a phone number for the NCP, staff might also call the NCP.

DCS also has more flexibility in correcting administrative orders and modifying them than it does court orders. By viewing this as a process for managing cases, DCS could limit debt growth for some low-income and partially disabled NCPs.

Multiple Orders

When multiple orders are entered for an NCP with irregular income, inconsistency and lack of coordination can result in unmanageable combined monthly order amounts and high debt. We will discuss possible strategies for dealing with the Schedule next. But part of the solution may lie with DCS—the agency that has to deal with the consequences of individual orders entered without regard to the resulting combined monthly order amount.

- DCS should recognize multiple orders as itself a phenomenon that requires special staff attention. Because the order is more directly related to the case, and multiple cases often involve different CPs and children in different counties, staff may not automatically consider the whole constellation of orders and cases tied to one NCP.
- DCS should develop with affiliated prosecutors some suggested best practices for coordinating orders.
- DCS should develop procedures for managing cases of NCPs with multiple orders so that orders are monitored and relationships between cases are taken into account.

Modifications

Few child support orders are ever modified. DCS does not control the process and expense of modifying court orders that parents encounter. But it does have the power to refer court orders to prosecutors for modification, as well as to modify administrative orders internally. Our examination suggests that review criteria imposed by DCS unnecessarily restrict the number of orders that are modified.

- We recommend that DCS revise the review criteria.
- We also recommend a much stronger emphasis on the importance of keeping orders current with income.

Strategic Implications of the Schedule for DCS

The essential functions of DCS as the state's IV-D agency were prescribed by the federal legislation (Title IV-D of the Social Security Act) that established the federal child support program. In order to use federal funding for public assistance, each state is required to have a IV-D agency. States are also required to establish uniform child support guidelines in order to use federal funding for public assistance. The guidelines must meet certain central federal criteria, but beyond those limits, states can establish their own guidelines so long as they are uniform for all child support orders. The IV-D agency does not control the state's guidelines.¹⁰

The central mission of the agency is to collect child support as ordered and distribute it to the family and/or DSHS and OCSE, depending on whether the family receives public assistance. In service to that mission, the agency is charged with establishing orders where needed through the administrative process or working with prosecutors to get paternity court orders established. The agency also is mandated with reviewing orders for modification. Obviously, the mission of the agency constantly requires working with a child support schedule that is not under the agency's control.

Moreover, the agency does not control others who apply the Schedule--judges, private attorneys, or even the prosecutors with whom DCS has contracts (to establish orders, conduct court business, or pursue contempt actions). Each probably sees helping children as part of the assigned task or desired outcome. But each plays a different role and answers to a different constituency. Within a courtroom setting, the focus is on the specifics of the case in front of the judge. The judge's view, sometimes punitive, of what the Schedule requires of that NCP becomes primary. Because prosecutors regularly work with the same judge, their knowledge of the judge's philosophy affects their presentation of a proposed support order in that court.

By contrast, as the agency charged with collecting support, DCS should provide a public perspective: how should orders be set so as to collect support for the largest number of families in a cost-effective manner?

From the point of view of state and federal governments, the agency's work helps keep families self-sufficient, avoids costs to government ("taxpayers"), and also helps governments recover costs for assistance expended. The agency competes for federal performance incentives intended to reward it for successfully completing these objectives. Two of the major incentives relate to percentage of current support collected and percentage of cases with arrears payments. Both are measures of success in collecting on orders mandated by the Schedule. The agency is judged by the public, by state and federal government, and by families according to the support collected and debt remaining, regardless of the quality of the support orders.

¹⁰ The Schedule was drawn up by a specially appointed Washington State Child Support Schedule Commission, then adopted into law by the state legislature, and is maintained by the Administrative Office of the Courts. Revising the Schedule would require a new commission and legislative approval.

At the beginning of this chapter, we examined the provisions of the Schedule. In the real world, outcomes do not simply reflect the Schedule. But the Schedule gives rules, sets limits, provides possibilities—in general, provides the parameters for order setting and modification. There is a strategic purpose to looking at the Schedule to see what those provisions imply for the agency.

What does examination of the Schedule suggest about the position of DCS as the IV-D agency?

The Schedule works best when the parents both have earned income, fairly evenly divided; the NCP has only one case, and all the children are covered under one order. This is the situation for which it was primarily intended. When the parties' income is fairly evenly matched, the NCP does not end up with a transfer payment approaching 45 percent of net income. If the NCP has regular income and the order was set correctly according to the Schedule on the basis of the NCP's actual income, DCS has a reasonable chance to collect child support as due.

Indeed, the results reported above indicate that for three debt patterns the bulk of obligations were successfully collected. Even when NCPs had very modest income, as in the Intermittent debt pattern, child support was collected and debt growth minimized.

But the Schedule can put the agency in a difficult position. The Schedule contributes to debt growth and to uneven ratios of monthly order to wages. If orders are established according to the Schedule, the logical result in many IV-D cases will be increasing debt because the order will be too high for the NCP to pay and still maintain the NCP's own household. Yet DCS is charged with enforcing the order and minimizing debt.

The provisions of the Schedule allow child support to be set for some NCPs at a level higher than the NCP's income. If the NCP has multiple orders and multiple cases, he or she may end up with a child support obligation that is *in principle not payable as current support*. This can happen not only when the NCP has failed to cooperate and ends up with a default order based on imputed (median net) income. It can happen even when an NCP reports all income and tries to cooperate with DCS. Of course, Washington law limits the percentage of income that can be withheld from the NCP's wages. But the rest of the ordered support just accumulates as arrears.

If the NCP is in such a situation, will modifying the orders fix the problem? Sometimes, especially if DCS can arrange for all the orders to be modified at once. But modifications are governed by the same Schedule. If each order is modified separately, the same problem can recur.

A true cure for this dilemma would require either legislative change or a major court decision. In the meantime, what are the options?

For some NCPs with one order, debt will grow, at least for a while. For example, when a minimum \$25 per month per child order has been set for an NCP with little or no income, debt will accrue. Such court orders still occur.

Income can be relatively regular but low. Some debt will accrue for low-income NCPs with orders that bring income down near the need standard. Even if an NCP tries to comply, supporting oneself with shelter is quite improbable on the basis of the need standard. If the NCP shares a household with another adult who also contributes to income, the child support order may be manageable, so long as additional children do not join the household.

The case load contains many default orders based on imputed income. Imputing on the basis of median net means assuming that the NCP has income higher than half the people in the United States of the same gender and age. How likely is this to be a correct assumption when DCS could find no evidence of employment or assets? Especially since the median income for NCPs (and families) with IV-D cases is lower than median net.

Once we look beyond the situation of NCPs with one order, the prospects for collecting without growing debt become even more speculative.

Of course, cases can ultimately be paid in full even after years of accumulating debt. When children reach age 18 and current support stops, collection of arrears can continue until the debt is paid off, or at least paid down. On the other hand, if uncollectible cases are held open without payments, the debt remains on the books and the cases count as cases with arrears but no payments.

Debt need not grow for the case load as a whole, even though debt is growing on a significant number of cases at any one time. The overall debt trend depends on the balance within the case load between cases with current support and cases with arrears-only, between orders based on actual income and those based on imputed, and on the balance between NCPs with one order and those with multiple orders.

Working with the Child Support Schedule

The Schedule presents challenges when working with a segment of the DCS case load. The problem is that debt is concentrated, so that a small share of cases can lead to a large share of the debt. Yet violating or disregarding the Schedule is not a viable option for the IV-D agency. Paradoxically, the analysis here suggests that following the Schedule more strictly might produce better results.

- *Much debt growth results from practices adopted by DCS and affiliated prosecutors in order setting that are not actually required by the Schedule. In many of the cases reviewed, strict application of the Schedule would have resulted in lower orders.*

This analysis suggests that DCS has the capacity to limit debt growth significantly while working with the Schedule in setting and maintaining orders.

1. Accurate orders set according to income must be the highest priority for the agency.

DCS has placed the greatest emphasis on increasing collections. Orders have been secondary to collections, receiving attention mainly when no order exists and therefore one must be established in order to collect support. But project findings indicate that collections depend on accurate orders. Or, at least, when orders are too high for actual wages, collections fall and debt grows.

- DCS should try to elicit the cooperation of the NCP in providing actual income by explaining the consequences of imputing income. Ways should be sought to decrease the proportion of default orders.
- When an order is to be established or reviewed for modification, staff should document on case comments as well as in the order the income basis used for the order amount. Thorough documentation helps to maintain a clear case record that can be both defended and challenged.
- In setting an order, DCS should document thoroughly any grounds for deviations from the standard calculation. Staff should actively propose such deviations and encourage prosecutors to endorse such deviations. DCS should urge prosecutors to include such deviations in proposed orders rather than anticipating that a particular judge will not accept them.

2. DCS should adopt a narrower interpretation of the Schedule's provisions for imputing income.

The Schedule provides for imputing at median net only when there is no prior income history. It forbids imputing when a parent is “unemployable.” The Schedule provides for imputing to full time only when there is evidence of voluntary unemployment or underemployment.

- DCS should not impute at median net when there is any prior wage history unless there is evidence of unexplained assets (such as expensive cars) or unless the wage history supports median net
- DCS should be more selective in its common practice of imputing full-time work to NCPs on the basis of limited part-time reported employment. It should develop a reasoned, consistent, and defensible policy to govern its use of imputing in such circumstances.

Being unemployed or semi-employed is not by itself evidence of voluntary underemployment, any more than being incarcerated is evidence of voluntary unemployment. Such “reading in” of assumptions leads to unnecessary debt growth. This is particularly pernicious when multiple orders are created.

Staff find it convenient to impute to full-time in their effort to get a large volume of work done (e.g., notices issued) in short time frames. It is then up to the NCP to object and provide evidence that the imputed income is too high. This may be a reasonable strategy for a first order. However, if no objection is made and debt begins to grow soon after the order becomes final, early follow-up would be wise to see if a late hearing is indicated. Imputing to full time on subsequent orders in the presence of debt should be avoided.

- When income must be imputed on the basis of irregular or sketchy reported earnings, an alternative would be to impute a modest income but warn the NCP of sanctions for not reporting higher income.

The notice setting the proposed amount could contain a warning of the NCP's responsibility to correct the information if necessary. Rather than leading to growing debt from inflated order amounts, this method would minimize debt while providing recourse for DCS in case of hidden income.

3. To prevent growth of uncollectible debt among the poor, disabled, and incarcerated, DCS should make use of appropriate Schedule provisions as amended by court decisions.

The Schedule forbids imputing income to the unemployable. It excludes public assistance benefits from income calculations. The court decisions making the \$25 per month per child a presumptive rather than mandatory minimum are important tools to use. DCS has incorporated the administrative order ruling into procedures.

- DCS could take the initiative and inform NCPs that they can rebut the \$25 minimum for court orders as well and follow up with assistance.
- If DCS or prosecutors fear that potential collections could be lost by entering minimum or zero orders, an order could be set initially for the lower amount with a provision requiring review for increase after a period of time.

4. Encourage prosecutors and DCS staff to set reasonable orders, not exceeding 20 percent of actual gross income, if possible.

- The weight of evidence suggests that compliance with current support orders is harmed when orders are set higher than 20 percent. Staff should be made aware of this information to help them weigh decisions.
- But DCS should not violate clear requirements of the Schedule. The Schedule will make it impossible to hold some orders below the desired target in some instances, even when an NCP has only one case. Combined monthly order amounts probably cannot be kept below this level for NCPs with multiple cases involving separate households.

DCS practices in setting orders reviewed in the case assessment were not simply required by the Schedule. Rather, they often reflected the results of applying the Schedule in light of two background assumptions. One was the old idea that proposing a high order amount would induce the NCP to respond so that a lower accurate order could be set with the NCP's cooperation. The second assumption was that debt was the NCP's problem anyway, not the agency's. The debt that grew from high orders was potential money to be collected rather than a problem that injured the agency. Applying the Schedule without those two background assumptions should produce different results.

DCS must sometimes deal with difficult circumstances where income cannot be divided between two households without hardship to both. Public assistance grants have never filled the gap between available income and acknowledged family needs. Maximizing the order amount set for the NCP can seem like an appropriate response, particularly if the NCP has multiple cases. “That’s *his* problem” is the commonly expressed public sentiment. But the families also have a problem, which is exacerbated if the NCP hides income and avoids DCS.

- *DCS staff need to know that reasonable orders are more likely to be paid. Keeping orders below 20 percent where possible can increase the amount of support collected.*

Conclusion

The fit between the practical limit of 20 percent of gross income and the Schedule’s provisions is not altogether comfortable. Proactive management of orders will be necessary to avoid overall debt growth in a case load with many low-income NCPs. Violating or circumventing the Schedule is not a viable option. Rather, DCS should make order accuracy the highest priority. Indeed, strict construction of the Schedule could have lowered some order amounts found in this study.

The examination of orders here shows that DCS and affiliated prosecutor *practices related to orders but not mandated by the Schedule* contributed greatly to debt growth. These practices included, for example, imputing income in ways and circumstances not required by the Schedule and imposing overly strict review criteria for modifications. These practices can be changed. By managing orders, DCS has the power to avoid debt growth for many NCPs.

Our examination of orders has been far more successful at identifying reasons for order inflation among low-income NCPs than in explaining the inverse—the very low MTW ratios for higher wage NCPs. The Schedule does contribute to the latter result. It prescribes order amounts at a lower percentage of net income at the upper ranges. (Moreover, net income is a larger percentage of gross income at lower income levels, so that it is harder to keep the MTW ratio below .20 for low-income NCPs.) But the MTW ratios found for higher income NCPs seem lower than expected from the Schedule. This issue deserves further analysis, particularly since the longitudinal analysis indicates that considerably more could be collected from higher income NCPs with low MTW ratios.

But these cases are not the source of increasing arrears. Our central concern here is the relationship between orders and the growth of arrears. Debt is concentrated. The analysis here indicates that arrears have grown primarily where child support orders were too high for low-income NCPs.

5. Initial Debt and Paternity Orders

Summary

Not all debt arose from failure to pay current support on time. Many NCPs had a judgment or other initial debt set with the order. For the Increasing debt pattern the burden of initial debt was especially high. Most initial debt consisted of DSHS judgments. Paternity orders were mainly found in the Increasing debt pattern, where they constituted 38.5 percent of the original orders on the cases. Cases with paternity orders had much higher initial debt, across all debt patterns, than other cases. At the simplest, debt patterns depend on whether child support payments are large enough to cover current support and the initial debt, without accumulating additional arrears. We suggest that charging high initial debt is counterproductive. A large judgment may destroy the incentive to comply with the current support order.

This chapter continues the examination of child support orders, focusing on two problems of particular importance: initial debt and paternity orders. Table 5.1 shows the distribution of both among cases in the four debt patterns.

Table 5.1. Cases, Initial Debt, and Paternity Orders

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Total IV-D cases	378	268	308	229
Cases with order established	373	265	306	195
Cases with initial debt	211	124	142	71
Share of cases with initial debt	56.6 %	46.8 %	46.4 %	36.4 %
Total original orders	366	291	312	201
Of which:				
Paternity orders	141	53	64	32
Was paternity order default?				
Yes	84	8	17	4
No	13	14	16	5
Can't tell	44	31	31	23
Cases with paternity orders	35.1 %	19.6 %	20.6 %	16.9 %
Paternity orders as share of original orders	38.5 %	18.2 %	20.5 %	15.9 %

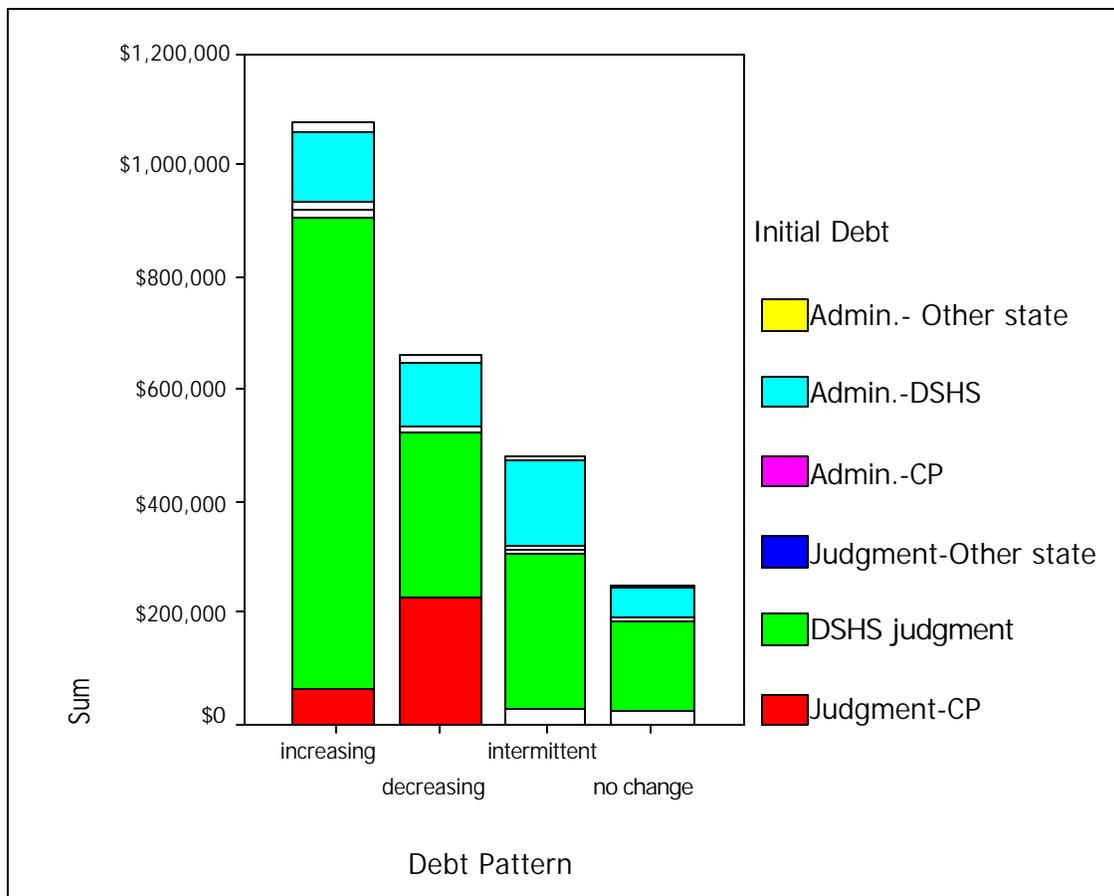
Judgments and Other Initial Debt

Many NCPs in the DCS case load faced a large initial debt before they were ever delinquent with a payment. Most of this initial debt came from court-ordered judgments; a smaller amount came from initial debt set on administrative orders. Most of the debt was owed to DSHS. A much smaller share was owed to custodial parents, while a tiny proportion was owed to other states.

For each debt pattern, the largest amount of initial debt was comprised of court-ordered judgments to DSHS. The summed total of DSHS judgments for the Increasing debt pattern is \$842,119.

Figure 5.a displays the summed total of initial debt by type of debt and entity to which it is owed for each debt pattern.

Figure 5.a. Judgments and Other Initial Debt Entered with the Orders (Summed)



Judgments and other initial debt are set with the order. Table 5.2 provides detail on the distribution of initial debt among cases. The table shows the summed total by category of debt as well as the mean when calculated among all cases with initial debt. For ease of comparison, the table also shows the mean when averaged over all cases with orders.

Table 5.2. Cases with Judgments and Other Initial Debt

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Cases with initial debt	211	124	142	71
Of which:				
Court-ordered judgments				
DSHS judgments				
Mean	\$ 3,991	\$ 2,373	\$ 1,979	\$ 2,214
Sum	842,119	294,203	281,037	157,198
To custodial parents				
Mean	\$ 291	\$ 1,815	\$ 191	\$ 344
Sum	61,328	225,046	27,113	24,455
To other states				
Mean	\$ 87	\$ 108	\$ 20	\$ 0
Sum	18,400	13,336	2,782	0
Administrative-ordered debt				
To DSHS				
Mean	\$ 601	\$ 889	\$ 1,053	\$ 720
Sum	126,890	110,191	149,518	51,151
To custodial parent				
Mean	\$ 53	\$ 10	\$ 64	\$ 131
Sum	11,217	1,279	9,031	9,320
To other states				
Mean	\$ 80	\$ 112	\$ 59	\$ 57
Sum	16,972	13,875	8,404	4,057
All initial IV-D debt ^a				
Mean	\$ 5,104	\$ 5,306	\$ 3,365	\$ 3,467
Sum	1,076,927	657,929	477,885	246,181
All cases with orders	373	265	306	195
Total initial debt averaged over all cases	\$ 2,887	\$ 2,483	\$ 1,562	\$ 1,262
Share of cases with initial debt	56.6 %	46.8 %	46.4 %	36.4 %
DSHS judgments as share of initial debt	78.2 %	44.7 %	58.8 %	63.9 %
DSHS court- and administrative-ordered share of initial debt	90.0 %	61.5 %	90.1 %	84.6 %

^aThe initial debt discussed in this table does not include medical/paternity subros, which are not counted as IV-D debt.

Finally, the table shows the percentage of cases with some type of initial debt, the share of total initial debt composed of DSHS judgments, and the percentage of total initial debt owed to DSHS when court and administrative orders are combined.

Perhaps the most significant information here is that 90 percent of total initial debt in the Increasing and Intermittent debt patterns belonged to DSHS. For the No Change pattern, almost 85 percent belonged to DSHS, while for the Decreasing debt pattern it was over 61 percent.

The overwhelming share that belongs to DSHS is important first in understanding how this debt came about. Most initial debt owed to DSHS was created through orders set by DCS staff and affiliated prosecutors. Because this initial debt has a major impact on debt patterns, as we shall see, it is important to comprehend the role played by DCS policy and practices in bringing about this situation.

Second, who controls the debt is an important consideration in determining what part of the debt could be adjusted or written off. A debt owed to a custodial parent cannot be written off without the custodial parent's consent. Similarly, debt owed to another state is not within the control of DCS. The largest proportion of judgments and other initial debt owed to custodial parents belonged to the Decreasing debt pattern, where it comprised 34.5 percent. The largest proportion of such debt owed to other states also belonged to the Decreasing debt pattern, where it made up 4.1 percent. But arrearages within the Decreasing debt pattern are not a source of concern. For the Increasing and Intermittent debt patterns, initial debt owed to DSHS is potentially an important tool for debt management.

The Impact of Initial Debt on Noncustodial Parents

As we saw in Table 5.2, the proportion of cases with initial debt ranges from 56.6 percent in the Increasing debt pattern down to 36.4 percent in the No Change pattern. But some NCPs have multiple cases. And initial debt is larger on certain kinds of cases—namely, those with DSHS judgments. Consequently, initial debt has a more concentrated impact on some NCPs and their debt patterns than our first glance might indicate.

Table 5.3 looks at the distribution of initial debt among NCPs. In our sample, 74.4 percent of the Increasing debt pattern, 55.8 percent of the Decreasing pattern, 56.8 percent of the Intermittent pattern, and 38.7 percent of the No Change pattern had an initial debt. The impact of initial debt is especially heavy on NCPs in the Increasing debt pattern. DSHS judgments are an important part of that burden. Averaged over the 199 NCPs in this one debt pattern, the mean DSHS judgment is \$4,232. But for the 89 parents who actually owed the DSHS judgments, the mean was \$9,462.

Arrearages, then, in Washington State are composed of two kinds of debt: judgments and other initial debt, as well as arrears that accumulate month-by-month when timely current support payments are not made. (For some other states, there are four kinds of debt, because the addition of various fees and interest charged on the unpaid balance complicates the calculation—and growth—of debt considerably.) At the simplest, debt patterns are a function of whether child support payments are large

enough to cover current support and the initial debt, without accumulating additional arrears.

Table 5.3. Noncustodial Parents with Judgments and Other Initial Debt

Noncustodial Parents with Orders Established	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
No initial debt	51	88	86	103
With initial debt	148	111	113	65
Amount of initial debt				
Mean	\$ 7,277	\$ 5,927	\$ 4,229	\$ 3,787
Median	3,009	3,000	1,747	1,287
Of which, NCPs with DSHS judgments	89	44	57	23
Mean	\$ 9,462	\$ 6,686	\$ 4,930	\$ 6,835
Median	5,800	5,095	1,983	3,225
All NCPs with orders	199	199	199	168
Initial debt averaged over all NCPs	\$ 5,412	\$ 3,306	\$ 2,401	\$ 1,465
DSHS judgments averaged over all NCPs	4,232	1,478	1,412	936
Share of NCPs with initial debt	74.4 %	55.8 %	56.8 %	38.7 %

Results of significance testing: The proportion of NCPs with initial debt in the Increasing pattern is higher and the proportion in the No Change pattern is lower than expected in a chi-square test ($p < .0005$).

Initial debt: The difference between means (ANOVA) was significant ($p < .0005$). Post hoc testing showed that the Increasing pattern was significantly higher than the other three debt patterns, and the Decreasing pattern was higher than the No Change pattern.

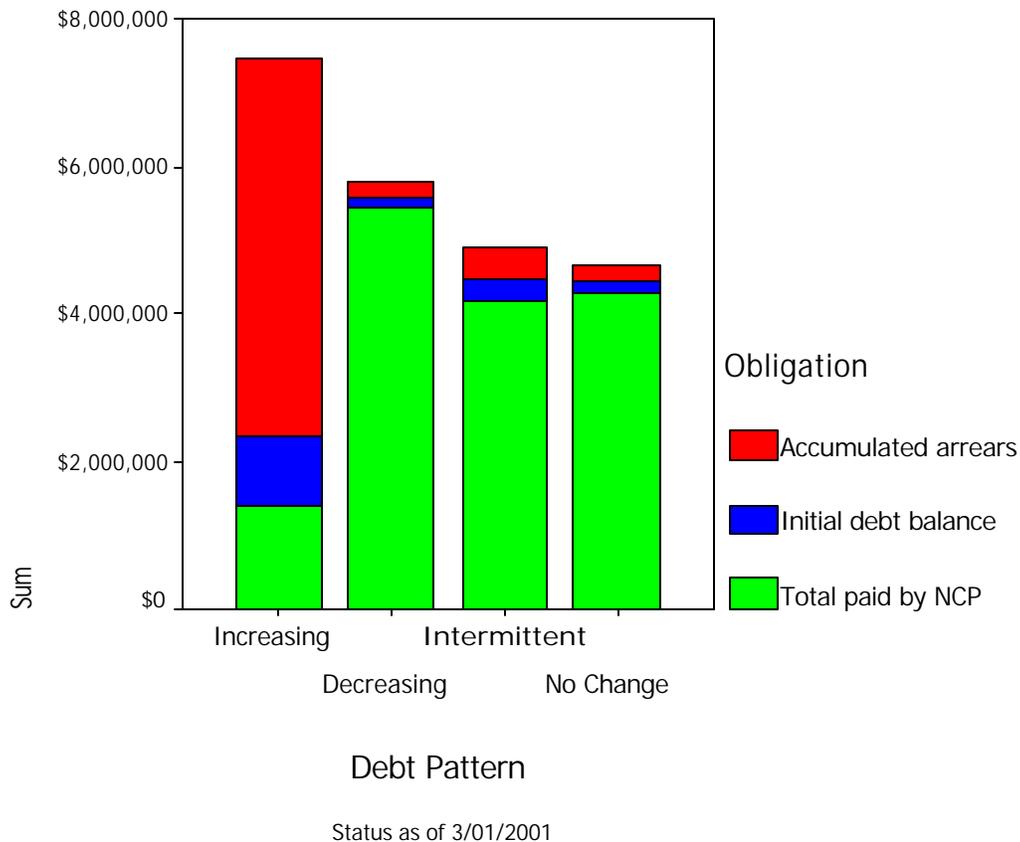
Obligation Status: Initial Debt and Accumulated Arrears

This section looks briefly at the obligation status of NCPs by debt pattern, considering the total paid, the contribution of initial debt, and the additional arrears if any have accumulated. As used here, *accumulated arrears* are the arrears that accrued beyond the judgments and other initial debt. *Balance owed on initial debt*, or *initial debt balance*, is the amount remaining on the initial debt if the NCP has paid enough to avoid accumulated arrears and pay down at least part of the initial debt. Except for initial debt, the amounts are as of March 1, 2001.

For three debt patterns (Decreasing, Intermittent, and No Change), total paid far outweighs the collective debt. The debt is divided between the remaining balance of the initial debt (about 40 percent in each debt pattern) and the arrears that have accumulated beyond this initial debt (roughly 60 percent in each pattern). For the Increasing debt pattern, debt far outweighs the amount collected. The initial debt remaining for this debt pattern is \$944,145, while the contribution of accumulated arrears is \$5,097,566.

Figure 5.b looks at the summed obligations of the NCPs from the point of view of DCS collections and debt.

Figure 5.b. The Make-Up of Obligations: The Agency View



How do initial debt and accumulated arrears look from the point of view of NCPs in the sample? Table 5.4 looks at this issue. By March 1, 2001, some parents in every debt pattern had no accumulated arrears. In three debt patterns the majority had no accumulated arrears: 76.9 percent in the Decreasing, 77.4 percent in the No Change, and 65.3 percent in the Intermittent. Some of these NCPs had no initial debt and are now paid in full or paid current.

Those NCPs who started with initial debt still showed a balance owed on part of the initial debt, with the mean ranging from \$761 in the Intermittent pattern to \$901 in the Increasing pattern. To put this another way, this latter group would no longer have been in arrears were it not for the initial debt with which they began. This group makes up 48.2 percent of the Decreasing pattern and 36.7 percent of the Intermittent.

Table 5.4. Initial Debt and Accumulated Arrears: The NCP View

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
All NCPs with orders	199	199	199	168
NCPs with accumulated arrears^a as of 3/01/2001	166	46	69	38
Percentage of NCPs	83.4 %	23.1 %	34.7 %	22.6 %
Accum. arrears (mean)	\$ 30,814	\$ 4,647	\$ 6,524	\$ 6,116
Total paid (mean)	7,892	25,488	21,080	13,299
<i>No initial debt</i>	38	31	29	26
Accum. arrears (mean)	\$ 27,611	\$ 5,624	\$ 4,225	\$ 5,100
Total paid (mean)	11,791	25,651	30,815	17,806
<i>With initial debt</i>	128	15	40	12
Initial debt (mean)	\$ 7,307	\$ 2,784	\$ 5,347	\$ 9,095
Accum. arrears (mean)	31,765	2,629	8,192	8,316
Total paid (mean)	6,735	25,150	14,022	3,535
Initial debt balance (mean)	7,098	2,784	5,347	9,095
NCPs with no accumulated arrears	33	153	130	130
Percentage of NCPs	16.6 %	76.9 %	65.3 %	77.4 %
Total paid (mean)	\$ 3,249	\$ 27,911	\$ 21,092	\$ 28,959
<i>No initial debt</i>	13	57	57	77
Total paid (mean)	\$ 1,481	\$ 28,156	\$ 25,572	\$ 35,800
<i>With initial debt</i>	20	96	73	53
Initial debt (mean)	\$ 7,083	\$ 6,418	\$ 3,616	\$ 2,586
Total paid (mean)	4,399	27,765	17,594	19,019
Initial debt balance (mean)	901	1,094	761	1,138
Summed payments and debts				
Judgments, other initial debt	\$1,076,927	\$ 657,929	\$ 477,885	\$ 246,181
Accumulated arrears	5,115,121	213,785	450,190	232,398
Total paid	1,417,305	5,442,774	4,196,468	4,270,027
Balance owed on initial debt	926,590	146,765	269,452	169,454

^aAs used here, the term *accumulated arrears* refers to debt that remains on the case 3/01/2001 after subtracting judgments and other initial debt set when the order was entered.

Noncustodial parents with accumulated arrears made up 83.4 percent of the Increasing debt pattern and 34.7 percent of the Intermittent, but less than one-fourth of the other two patterns. Those NCPs in the Increasing debt pattern were in the most difficult position, because most of them (128) started off with initial debt. On average they owed \$31,765 in accumulated arrears in addition to the balance on the initial debt of \$7,098.

Every debt pattern showed some parents who had accumulated arrears without having had initial debt. But they are a minority in every debt pattern, ranging from 26 (15.4 percent) of the No Change pattern to 38 (19.1 percent) of the Increasing pattern. For the majority, judgments and other initial debt contributed significantly to keeping them in arrears.

Policy Implications of Initial Debt

Why should we be concerned about the magnitude of initial debt, especially those DSHS judgments?

1. *A large judgment may discourage the NCP from paying anything.* What is the point of trying to pay current support, when the debt is so hopelessly large at the beginning that the NCP will not be able to catch up? The danger is that setting a large judgment will destroy the incentive to comply with the current support order. If so, initial debt will not just increase the size of arrears and thereby lengthen the time required to pay off the obligation. Instead it may multiply the arrears many times over.
2. *Initial judgments are not proportional to income; they are punitive to the poor.* The Increasing debt pattern—the most likely to have large DSHS judgments—is the debt pattern with the lowest wages for the 15-quarter period and the highest MTW ratio.
3. *Setting high initial DSHS debts may interfere with major DSHS goals.* DSHS judgments are intended to reimburse DSHS for costs on TANF cases. Since welfare reform, federal and state policy is to help families get off assistance and remain independent through a combination of parental employment and child support. DSHS has emphasized getting families off assistance and keeping them off. DCS has been charged with the task of collecting support on TANF cases to encourage families to stay off public assistance. If initial judgments discourage NCPs from paying and encourage them to hide, setting those judgments interferes with a larger purpose.

Other research supports the argument made here. In recent years several studies of child support and low-income noncustodial fathers have appeared. Among these studies are a series of reports prepared by the Office of the Inspector General (OIG), U.S. Department of Health and Human Services.¹ Two issues discussed in these reports are initial debt, or “retroactive support,” as it is often called, and unrealistic orders that are too high for income.

¹ U.S. Department of Health and Human Services, Office of Inspector General, *The Establishment of Child Support Orders for Low Income Noncustodial Parents*, OEI-05-99-00390 (July 2000); *State Policies Used to Establish Child Support Orders for Low Income Noncustodial Parents*, OEI-05-99-00391 (July 2000); *Child Support for Children on TANF*, OEI-05-99-00392 (February 2002). These reports are available through the Office of Inspector General website at <http://oig.hhs.gov>.

The OIG researchers acknowledged that states use such tools as retroactive support (initial debt) and income imputation to encourage NCPs to cooperate and to enforce accountability. The states do not want to reward the NCP for delaying order establishment. However, the researchers found these tools counterproductive. The OIG reports concluded that state methods used to determine support orders for low-income NCPs “often yield poor compliance.” They found that poor compliance with support orders is associated with low earnings, high orders, and with front-end fees, especially retroactive support. The “longer the period of retroactivity, the less likely it is that the parent will pay any support.”² Compliance improves when earnings increase and when orders are set lower relative to income.

When a monthly current support amount is too large, the order can be changed through a modification. But a modification is prospective; it does not erase arrears. Getting rid of debt that is already on the books requires a separate and generally not available court action, unless the debt is owed to DSHS and there are grounds for writing off debt through a conference board.

In practical terms, when a large initial debt is set with an order, the NCP faces a discouraging obstacle that cannot be avoided by paying the monthly current support on time. This situation does not reward compliance with the order. On the contrary, it provides an incentive to hide income. Yet one of the reasons for setting “retroactive support” was precisely to discourage the NCP from postponing or evading establishment of an order. That is, the incentive system provided by setting initial debt undermines the purpose for which it was intended.

Paternity Child Support Orders

As we saw in Table 5.1, paternity orders were much more prevalent in the Increasing debt pattern than in the others. Of original orders, 38.5 percent in the Increasing pattern were paternity orders that set child support. Moreover, at least 60 percent of these orders were default.

But what is it about paternity orders that makes them disproportionately associated with this debt pattern?

The case assessment found that, percentage wise, paternity orders were only important for cases that were initially public assistance (cases that began as AFDC or TANF). In the Increasing debt pattern, 44.1 percent of the cases that were initially TANF had a paternity order as the first child support order. Many if not most of these orders were established through the work of county prosecuting attorneys working for DCS to establish paternity after TANF was opened.

Then should we be concerned about paternity orders or about initial case type?

² *Establishment of Child Support Orders*, pp. 1-3; *Child Support for Children on TANF*, pp. 2,10.

- *It is important to note that the majority of cases in each debt pattern began as TANF cases.³ Outcomes on cases that were initially public assistance were as varied as the range of outcomes on four debt patterns. Cases opened as TANF were not doomed to poor collections and escalating debt. It was not the fact of initial TANF status that was critical. But cases that began as TANF with a paternity order ended up disproportionately in the Increasing debt pattern.*

Table 5.5 compares cases with paternity orders to cases without paternity orders. It includes initial debt as well as the major outcome measures, total paid and remaining debt. For cases open during the 15-quarter period, the table also displays the average monthly order amount on the case.

To summarize the information in Table 5.5, cases with paternity orders have much higher initial debt than their counterparts. The initial debt is several times higher. But there are not consistent statistically significant differences between cases with paternity orders and those without on 15-quarter case MOA, case payments, and remaining case debt. However, there are very significant differences between the Increasing debt pattern—both paternity and nonpaternity--and the rest of the categories on those payment and debt outcomes.

Thus far we have not explained why paternity orders are concentrated in the Increasing debt pattern. Hence we turn from the case level to the NCP level, looking at variables likely to link paternity orders to debt patterns.

Table 5.6 moves from the case level to that of the NCP. Again, it looks at the initial debt of the NCPs, summing these judgments for NCPs with multiple cases. It shows the maximum MOA the NCP had while in the DCS case load, summing the order amounts for those with multiple cases open at the same time. It compares the 15-quarter records of those without paternity orders to those who did have paternity orders.

The much higher initial debt combined with more multiple cases tells the main story here about the difference between NCPs with paternity orders and those without. Given the overwhelming share of DSHS judgments in the composition of initial debt, it is no surprise to learn that higher amounts of initial debt are concentrated among paternity orders. It is because of the combination of multiple cases and initial debt that paternity orders are concentrated in the Increasing debt pattern.

³ The percentage of cases that were opened as AFDC/TANF was as follows: Increasing, 76.5 percent; Decreasing, 57.8 percent; Intermittent, 68.5 percent; and No Change, 62.4 percent. For these initially TANF cases, the proportion of initial orders that were paternity orders was: Increasing, 44.1 percent; Decreasing, 23.5 percent; Intermittent, 25.4 percent; and No Change, 24.8 percent.

Table 5.5. Paternity Orders, Initial Debt, and Case Outcomes

All Cases with Orders Established	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Cases without paternity orders	242	213	243	162
Judgments, other initial IV-D debt (mean)	\$ 1,064	\$ 1,398	\$ 792	\$ 635
Non IV-D initial debt (mean) ^a	16	63	17	13
Total paid on cases as of 3/1/2001 (mean)	4,081	19,170	14,823	23,435
Debt remaining 3/1/2001 (mean)	13,105	1,319	1,772	1,576
15-quarter case MOA ^b	N=198	N=189	N=206	N=144
Mean	\$ 224	\$ 108	\$ 200	\$ 221
Cases with paternity orders	131	52	63	33
Judgments, other initial IV-D debt (mean)	\$ 6,255	\$ 6,925	\$ 4,529	\$ 4,342
Non IV-D initial debt (mean)	346	324	370	33
Total paid on cases as of 3/1/2001 (mean)	3,280	26,145	9,437	14,349
Debt remaining 3/1/2001 (mean)	21,910	1,532	4,590	4,442
15-quarter case MOA	N=127	N=52	N=56	N=30
Mean	\$ 217	\$ 162	\$ 125	\$ 112

^aPaternity testing and birth costs assessed against the NCP. These are not counted as IV-D debt. They are not included in total paid and case debt data. DSHS ceased charging birth costs several years ago.

^bThe 15 quarters from October 1993 through June 1997.

Results of significance testing for difference in means:

Initial debt: Cases with paternity orders in each debt pattern had significantly higher ($p < .001$) initial debt than the cases without paternity orders in all debt patterns. There were no significant differences in means for cases with paternity orders between debt patterns.

Paid on case: The Increasing debt pattern (both paternity and nonpaternity) paid significantly less ($p < .01$) than all other categories. The difference within the Increasing pattern between paternity and nonpaternity was not significant. There were a few other significant differences (e.g., Decreasing-paternity paid significantly more than both Intermittent categories), but no particular pattern of differences related to paternity orders.

Case debt: The Increasing pattern (both paternity and nonpaternity) had significantly higher debt ($p < .005$) than all other categories, and the Increasing paternity had significantly higher case debt than the nonpaternity. There were no significant differences between other categories outside the Increasing pattern.

15-q case MOA: The Increasing pattern MOA (both categories) was significantly higher ($p < .001$) than the Decreasing nonpaternity and Intermittent paternity. There were a few significant differences between other categories (e.g., nonpaternity and paternity within Intermittent), but no particular pattern to differences.

Table 5.6. Noncustodial Parents: Paternity Orders and Initial Debt

NCPs with orders established	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
NCPs without paternity orders	108	148	145	136
Cases as NCP (mean)	1.50	1.36	1.39	1.17
Initial debt (mean)	\$1,759	\$1,921	\$1,192	\$ 736
Maximum MOA	\$ 385	\$ 337	\$ 392	\$ 334
15-q combined MOA (mean) ^a	\$ 318	\$ 121	\$ 249	\$ 229
NCPs with 15-q reported wages	44	86	96	75
15-q monthly wage (mean) ^b	\$ 223	\$1,900	\$1,452	\$2,426
MTW ratio (median)	1.67	.037	.196	.115
NCPs with paternity orders	91	51	54	32
Cases as NCP (mean)	2.45	1.43	2.04	1.22
Initial debt (mean)	\$9,747	\$7,326	\$5,589	\$4,565
Maximum MOA	\$ 480	\$ 318	\$ 325	\$ 279
15-q combined MOA (mean)	\$ 376	\$ 191	\$ 174	\$ 124
NCPs with 15-q reported wages	56	27	39	19
15-q monthly wage (mean)	\$ 237	\$1,944	\$ 1,072	\$1,783
MTW ratio (median)	1.94	.094	.198	.105

^aFor the 15 quarters from October 1993 through June 1997, the average MOA summing the orders for the NCP's cases open at that time.

^bThe average wage reported to Employment Security for covered employment, excluding NCPs with Initiating Interstate cases and others without reported wages. The MTW ratio is the NCP's combined MOA divided by the NCP's average monthly wage for the 15 quarters.

Results of significance testing: The proportion of Increasing pattern NCPs with paternity orders is higher and the proportion of No Change NCPs lower than expected in a chi-square test (p<.001). For all variables in the table, the differences between means were statistically significant (ANOVA, p<.001). Post hoc multiple comparisons showed:

Cases as NCP: Increasing debt pattern NCPs with paternity orders were significantly higher than all other categories except for Intermittent pattern NCPs with paternity orders. The Intermittent pattern paternity order category was higher than all categories except for the Increasing debt pattern.

Initial debt: Increasing pattern with paternity orders and Decreasing pattern with paternity orders have significantly higher initial debt than NCPs without paternity orders in all debt patterns, but not significantly higher than NCPs with paternity orders in other debt patterns.

Maximum MOA: Increasing pattern NCPs with paternity orders had significantly higher orders (p<.05) than the other categories except for Increasing nonpaternity and Intermittent nonpaternity.

15-quarter results: On MOA, Increasing pattern with paternity orders were significantly higher than all categories in other debt patterns, but not higher than nonpaternity within the Increasing pattern.

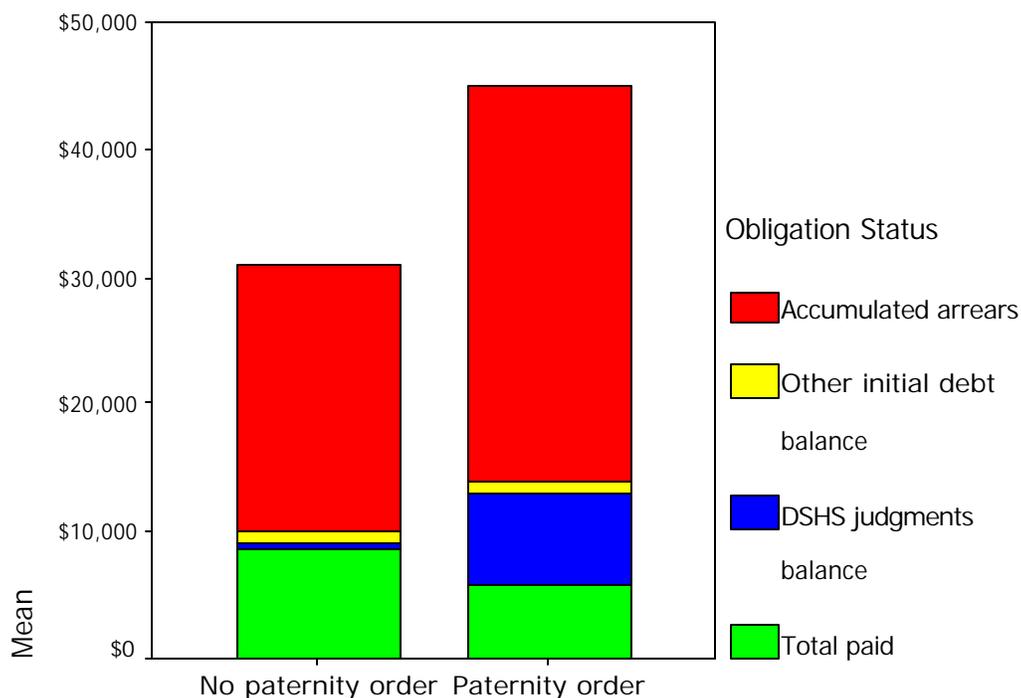
Paternity orders are not higher than nonpaternity orders in other debt patterns. On wages: Increasing pattern significantly lower than all categories of other debt patterns; no significant difference between paternity and nonpaternity within the Increasing pattern. The main source of significant difference for MTW ratios is between the Increasing pattern nonpaternity and all categories in other debt patterns, but not between paternity and nonpaternity within the Increasing pattern.

But the larger picture for the Increasing debt pattern remains the same as we saw earlier: both NCPs with paternity orders and those without them had higher average MTW ratios than NCPs in other debt patterns. The debt growth here for the Increasing pattern would probably persist here even without initial debt, but at a lower rate. The high MTW ratios appeared to be the result of imputing income for NCPs with part-time or irregular income combined with infrequent modifications.

The results of imputing income will be increased for NCPs with initial judgments, because the judgment too may reflect imputed income. Multiple orders with multiple judgments will of course magnify the results of imputing income.

Are paternity orders associated with differences in collection and debt outcomes at the NCP level? Within the Increasing debt pattern the possession of paternity orders makes a bad situation even worse, as Figure 5.c demonstrates. This figure displays the obligation status of the NCPs in the Increasing debt pattern as of March 1, 2001. The debt is divided into the initial debt balance and the accumulated arrears. NCPs with paternity orders had much higher initial debt because of DSHS judgments, and most of this initial debt remains. They have paid less, and accumulated more arrears.

Figure 5.c. Increasing Debt Pattern: Paternity Orders and Obligation Status



Increasing Debt Pattern

Status as of 3/01/2001

However, except for the Increasing debt pattern, NCPs with paternity orders do not show systematic differences from other NCPs on payment and debt outcomes (see Table 5.7).⁴ Paternity orders by themselves do not seem problematic. The initial debt associated with these orders, however, can be a problem. Even then, when current support orders are set and maintained appropriately and the ratio of monthly support to wages remains below .20, payments will likely be made, and over time, debt will decrease.

Table 5.7. Noncustodial Parents: Paternity Orders and Outcomes

<i>All Noncustodial Parents with Orders Established</i>	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
NCPs without paternity orders	108	148	145	136
IV-D cases as NCP (mean)	1.50	1.36	1.39	1.18
Total paid (mean)	\$ 8,384	\$26,191	\$22,702	\$27,372
Remaining debt (mean) ^a	22,647	1,827	2,129	1,848
Initial debt balance (mean) ^b	1,577	472	445	374
Accumulated arrears (mean) ^c	21,070	1,355	1,684	1,474
NCPs with paternity orders	91	51	54	32
IV-D cases as NCP (mean)	2.45	1.43	2.04	1.22
Total paid (mean)	\$ 5,624	\$30,715	\$16,753	\$17,108
Remaining debt (mean)	39,514	1,767	7,610	4,702
Initial IV-D debt balance (mean)	8,504	1,508	3,794	3,706
Accumulated arrears (mean)	31,011	260	3,815	996

^aAs of 3/01/2001. The debt is divided into balance of initial debt and accumulated arrears.

^bThe balance still owed on the initial (IV-D) debt.

^cAs used here, the term accumulated arrears refers to debt that remains on the case 3/01/2001 after subtracting judgments and other initial IV-D debt set when the order was entered.

Results of significance testing: Differences between means on outcome variables were statistically significant (ANOVA, $p < .001$). Post hoc multiple comparisons:
Total paid: *Increasing pattern, both paternity and nonpaternity, paid significantly less than all other categories ($p < .01$), but did not differ significantly from each other. Intermittent pattern with paternity orders paid significantly less than three other categories. There were not significant differences between the paternity and nonpaternity categories within any debt pattern.*
Remaining debt: *Both paternity and nonpaternity categories of the Increasing pattern had significantly higher debt ($p < .0005$) than all other categories in the table. Within the Increasing pattern NCPs with paternity orders also had significantly higher debt than nonpaternity. There were no statistically significant differences in debt between categories of other debt patterns.*

⁴ Here, as elsewhere in this study, a useful caveat is that these are rather small samples, where statistical significance is harder to demonstrate. Replication with a larger sample might show statistical significance in more comparisons.

However, NCPs with paternity orders often have multiple cases also. The combination of paternity orders, initial debt, and multiple cases is likely to lead to high monthly orders with high MTW ratios. In the Increasing debt pattern, 30.7 percent of NCPs had multiple cases combined with paternity orders, and initial judgments; they held 45.6 percent of the debt. In the Intermittent debt pattern, only 15.6 percent of the NCPs had paternity orders, multiple cases, and initial judgments—but they held 50.7 percent of the debt. Because the Intermittent pattern represents the “typical” NCP in the case load, this statistic merits attention.

Rethinking Policy on Paternity Cases

It seems questionable whether including large judgments and other initial debt with paternity orders is cost effective. It is a commonly heard opinion among staff that NCPs with paternity orders are less motivated to pay than other NCPs. But if so, this might not be only because of less attachment to the child or less sense of responsibility. It may be because the judgments and other initial debt on top of ongoing monthly current support orders seem like hopeless burdens. Certainly, at least, these judgments add a significant disincentive to the fathers to assume responsibility.

Why is the initial debt on cases with paternity orders so much higher than on other cases? As we saw, most of the initial debt here consists of court-ordered judgments to DSHS. Most of these orders were entered to establish paternity for children whose families were receiving TANF. The paternity orders, then, were entered by county prosecutors working under contract with DCS. Washington law limits the establishment of support arrears to a maximum of five years prior to the commencement of the paternity action in court. DCS policy was to seek judgments covering the period since the child’s birth up to a maximum of five years. Consequently, the judgments in many instances covered years of “retroactive support.”

For the NCPs sampled here, the difference between having a paternity order and not having one often added up to thousands of dollars. Debt outcomes depended importantly on whether paternity was established before DCS received the case. The difference is not simply whether the child was born to unmarried parents. If unmarried parents had filed a voluntary paternity affidavit, DCS would typically establish an administrative order setting support back to the opening of assistance or date of application.

Policies on setting judgments for prior periods vary from state to state. It is not a matter of federal law that IV-D programs should set judgments for periods starting at the child’s birth. However, the federal IV-D program has emphasized cost recovery for cases involving public assistance, a purpose that the state has reiterated.

The resulting paternity order policy highlights the tension between cost recovery and cost avoidance. For supporting families and avoiding costs to the state, collection of current support is primary. Indeed, payment distribution rules favor current support

over arrears. If recovering past expenses damages compliance with current support orders, collecting current support should be the higher priority.⁵

Managing Child Support Orders

Here we resume the discussion of managing child support orders that concluded Chapter 4.

Initial Debt

Court-ordered judgments and other initial debt set at the time of order entry start many NCPs off with thousands of dollars of debt before they ever miss a payment. Such initial debt makes up part of the arrears still owed by the majority of NCPs in the case assessment sample. Moreover, the heavy burden of this initial debt may discourage NCPs from paying current support because they feel they can “never catch up anyway.” This disincentive to regular payment is not required by federal law. Much of this initial debt consists of court-ordered judgments to DSHS set on paternity orders.

- We recommend that DCS work with prosecutors to alter the practice of setting judgments for long periods prior to establishment of the order.

Paternity Orders

NCPs with paternity orders combined with high judgments and multiple cases are responsible for an inordinate amount of debt. We recommend that DCS develop a new strategy for cases in which paternity is at issue. By working with prosecutors, other agencies, and community partners to reach young, low-income men at *the time of a first paternity order*, DCS might avoid a significant proportion of child support arrears. Effective intervention with job training and referrals for assistance might prevent young men from acquiring multiple cases, multiple judgments, and default orders they cannot pay.

- This analysis suggests that *the first priority should be to develop a new approach for managing first-time TANF cases where paternity is at issue.*
- DCS needs to change its working agreements with prosecutors to emphasize the agency preference for minimal judgments and reasonable orders (less than 20 percent of gross income). Effective intervention here could prevent high initial debt and accumulated arrears.

⁵ For somewhat analogous reasons, DSHS ceased assessing birth costs on TANF cases in 1991. The argument was made that assessing birth costs deterred the mother from seeking prenatal care for fear of disrupting the relationship with the child’s father. For policy reasons, DSHS decided to forego collecting birth costs in order to enhance the prospects for healthy babies and diminish future Medicaid costs.

- When the father lacks job skills, DCS and the prosecutor should actively work together to ensure that the father participates in job training.
- DCS should seek other agency and community partners to help in an initiative to improve case outcomes. Firm, effective intervention here might help avoid multiple cases later.
- DCS should encourage innovation among field offices aimed at increasing NCP cooperation.

Balancing Two Mandates

To improve management and collections on cases that began as TANF, the agency must carefully manage the dual mandates of cost recovery and cost avoidance. DCS is tasked with recovering costs for past and present public assistance. In doing so, it faces an enormous sum of debt that resulted from the policy of setting high judgments and high monthly orders based on imputed income precisely in order to recover welfare costs.

Yet lower monthly orders based on actual income are much more likely to be paid and to result in a steady stream of income to the family. This is evident from the analysis of Carl Formoso in Chapter 7 of the longitudinal study. Too narrow a focus on recovering past welfare costs will jeopardize the more significant goals of avoiding future TANF costs while collecting more child support for families.

6. Multiple Cases and Other Barriers to Collection

Summary

Debt patterns reflect not only the accuracy of orders and quality of field work but also special circumstances of the NCPs. Some special circumstances constitute barriers to collection. This examination of barriers looks at the history of the NCP's involvement with DCS rather than just the 15-quarter period on which the NCP's debt pattern was determined. Nevertheless, barriers are still correlated with debt pattern. The Increasing debt pattern showed the highest percentage of NCPs with a corrections record (49.8 percent), a history of receiving public assistance (51.8 percent), with multiple IV-D cases as NCP (51.3 percent), and with a documented record of substance abuse (25.1 percent). The Intermittent debt pattern parents ranked second on each of these barriers. In addition to cases on which they were the NCP, some individuals had other IV-D cases on which they were the custodial parent. Here the Intermittent pattern ranked first with 20.1 percent, followed by the Increasing pattern with 16.1 percent.

The chapter pays particular attention to NCPs with multiple cases, because obligations and debt tend to increase with the number of cases. Where multiple cases result from having children with multiple parent partners, high orders are a likely consequence congruent with the child support schedule. However, the relationship between number of cases, children, parent partners, and custodians is quite complex. The Increasing debt pattern ranks highest on each. Yet even when we control for these variables, order amounts and obligations seem disproportionately high for the Increasing debt pattern given the reported earnings data examined in an earlier chapter. Higher debt here still seems a consequence of poor order management.

Barriers and Debt Patterns

In designing the case assessment, we addressed some questions raised by earlier DCS research findings. In the DCS research project on hard-to-collect cases completed in 1999, we found serious barriers to collection for three-fourths of the sample treatment group cases.¹ We discovered that almost half of the noncustodial parents (NCPs) had

¹ Child Support Performance Measurements: A Test for Working Hard-to-Collect Cases, conducted under OCSE Grant Number 90FF003801. See Executive Summary of the final report *Overcoming the Barriers to Collection*, June 1999. The extent of overlap among barriers in this sample was analyzed in a subsequent brief discussion paper (Jo Peters, "Overlap Among

multiple open IV-D cases, ranging from two to twelve, during the project. At least 30 percent had corrections records; over 12 percent were incarcerated during the project. Many were recurrently on public assistance, with histories of mental or physical illness or substance abuse, and over 30 percent received grants during the project.

Because the earlier project was limited to severely delinquent cases, we could not determine how widespread such barriers are among the NCPs in the DCS case load. Accordingly, we could also not estimate how much impact these barriers have on the total child support debt in Washington.

Consequently, for the case assessment, we decided to investigate the pervasiveness of barriers to collection across the case load.

The longitudinal study and the case assessment both looked at barriers to collection. The two approaches should be seen as complementary. There is some but not complete overlap in the barriers considered. The longitudinal analysis (Formoso, Volume 1, Chapter 3) included barriers identified through DCS and other state databases as existing during the 15 quarters. For example, *multiple cases as NCP* in the longitudinal study would be cases open during the 15 quarters. Through cross-matches with other state databases, rich detail was available on public program usage by hundreds of thousands of NCPs.

The case assessment looked only at the sample of approximately 800 NCPs. The most important barrier identified here but not in the longitudinal study is corrections record. Unfortunately, DCS still lacks an ongoing data match with the Department of Corrections, so the coder looked up the records. The case assessment concentrated on the period from 1993 to 2001, but also looked at the NCP's whole history in the DCS case load. *Multiple cases* here were not necessarily open simultaneously or during the 15-quarter period.

With such a broad definition and assessment, the specific impact of one time frame should be minimized. Are barriers still correlated with debt patterns? Yes.

As Table 6.1 shows, NCPs in the Increasing debt pattern were much more likely than others to have a history of multiple cases, public assistance grants, and a corrections record. For each of those issues, about half of the parents in the Increasing pattern showed a documented history.

About half of the NCPs in the Intermittent pattern did not have an identified barrier. Nevertheless, this pattern ranks second in the percentage of parents with such barriers. Of these parents, 34.2 percent had multiple cases, 28.1 percent had a public assistance history, and 19.1 percent showed a corrections and arrests history.

Barriers," August 1999). For this project sample, a hard-to-collect case was defined as an open IV-D case with debt over \$500, and no payments within six months, except IRS offsets. In fact, however, about half the cases had never received a payment at sample selection.

Table 6.1. Distribution of Barriers to Collection by Debt Pattern

Documented Barrier	Debt Pattern of Noncustodial Parent			
	Increasing	Decreasing	Intermittent	No Change
	(Percent)	(Percent)	(Percent)	(Percent)
Corrections record/arrests ^a	49.8	8.5	19.1	13.2
History of grants/public assistance ^b	51.8	12.6	28.1	18.3
Multiple IV-D cases as NCP ^c	51.3	31.7	34.2	13.2
NCP also CP on IV-D case ^d	16.1	9.0	20.1	9.1
Drugs/alcohol ^e	25.1	4.5	8.5	5.1
None	20.6	54.8	47.7	61.4

^a Includes Department of Corrections number, incarceration, and documentation of arrests.

^b NCP has received AFDC/TANF, food stamps, GA-U or GA-X, or SSI.

^c NCPs in the samples had multiple cases ranging from two to seven.

^d NCPs who also had at least one IV-D case on which they were the custodial parent.

^e This barrier is significantly undercounted because of data limitations. The percentages listed under corrections records probably reflect more drug and alcohol abuse.

Difference between debt patterns in distribution of barriers is statistically significant ($p < .001$).

This table includes a new item, *NCP also custodial parent (CP) on IV-D case*. (The longitudinal analysis also includes this in the barriers examined.) These parents have been both the primary caretaker for children and the parent owing support on IV-D cases, certainly an additional burden. The highest percentage of NCPs with this barrier, 20.1 percent, is found in the Intermittent debt pattern, followed by the Increasing pattern with 16.1 percent.

The Intermittent pattern represents far more NCPs than the other three patterns together. If there can be said to be a “typical NCP” making up the bulk of an SEO’s case load, the profile would come from the Intermittent pattern. The prominence of barriers to collection offers a clue to the up-and-down pattern of debt and payments.

Only about a fifth of Increasing debt pattern parents (20.6 percent) did not have at least one identified barrier from this list of barriers, compared to 54.8, 47.7, and 61.4 percent of parents in the other debt patterns.

In the longitudinal study (Chapter 3) Formoso found that the significance of potential barriers to payment depended on the MTW ratio (i.e., ratio of monthly order amount to gross wages). If the ratio was under .20, NCPs tended to pay child support even in the presence of potential barriers. However, the longitudinal study did not include corrections records. An important caution is that corrections history may have a more

important impact on subsequent employment and payment than other barriers do. The earlier study on hard-to-work cases found that a correctional history seemed to have a more severe impact on payments than other barriers.

Multiple Cases, Multiple Children, Multiple Roles

Multiple cases present an especially difficult problem for IV-D agencies. Generally, for the other barriers listed, DCS might seek to manage debt by lowering monthly orders. Certainly, if we see a high monthly order for an incarcerated NCP or for an individual with a public assistance history, we might seek to modify the order. But NCPs *should* have higher combined monthly order amounts when they have multiple cases involving orders for different parent partners with children in different households. And as we saw in our examination of the child support schedule in Chapter 4, the combined order amounts are likely to lead to debt growth. But there may be ways of minimizing such growth, depending on how the child support orders were set. Moreover, multiple cases do not always involve either multiple partners or multiple orders. Consequently, the case assessment examined the multiple case problem with particular care.

The next two tables describe the incidence of multiple cases in the sample. Table 6.2 looks at number of IV-D cases, children, and amount of child support ordered.

Except for NCPs in the Increasing debt pattern, the median number of cases is one. That is, more than half of the NCPs in three debt patterns have only had one IV-D case on which they owed child support. The median number of IV-D cases for NCPs in the Increasing debt pattern was two. Nevertheless, multiple cases are frequently found among the NCPs in the sample.

The debt patterns with the highest proportion of multiple cases were the Increasing and the Intermittent. They also had had larger numbers of cases. Almost a quarter of Increasing pattern NCPs had had three or more IV-D cases.

In the earlier project on hard-to-collect cases we encountered numerous NCPs with multiple cases open at once. In the current project we did not find such extreme numbers. The maximum number of cases we found in this relatively small sample was seven for the Increasing pattern and six for the Intermittent, and these were not open at the same time. One NCP (in the Increasing pattern) with seven cases had six cases open at the time of his maximum monthly order amount.

Overall, NCPs in the Increasing debt pattern had the most children for whom they owed support. However, most parents with one or two cases did not have many children to support. The median for those with one case was one child, and this was consistent across debt patterns. The mean and median number of children was both low and quite consistent across debt patterns for parents with one or two cases.

Table 6.2. Multiple Cases, Order Amounts, and Debt Pattern

IV-D Cases ^a	Noncustodial Parents with Orders Established	Debt Pattern of Noncustodial Parent (NCP)			
		Increasing	Decreasing	Intermittent	No Change
1	Noncustodial Parents	97	136	131	145
	Children ^b				
	Mean	1.75	1.68	1.60	1.59
	Median	1	1	1	1
	Maximum	5	4	6	4
	Maximum MOA ^c				
	Mean	\$ 368	\$ 293	\$ 344	\$ 321
	Median	347	248	300	300
	Maximum	1,182	1,340	3,000	1,158
2	Noncustodial Parents	54	53	41	17
	Children				
	Mean	2.30	2.53	2.24	2.65
	Median	2	2	2	3
	Maximum	5	5	7	5
	Maximum MOA				
	Mean	\$ 420	\$ 425	\$ 405	\$ 328
	Median	397	397	326	291
	Maximum	1,113	1,499	1,780	685
3-7	Noncustodial Parents	48	10	27	6
	Children				
	Mean	3.42	2.50	3.44	3.33
	Median	3	2	3	3
	Maximum	10	6	6	4
	Maximum MOA				
	Mean	\$ 562	\$ 376	\$ 467	\$ 374
	Median	488	339	492	413
	Maximum	1,304	1,069	867	538

^a The total number of IV-D cases on which the individual has been the NCP, according to the DCS case management data system (SEMS). Cases were not necessarily open at once. The table excludes 29 NCPs without an order (No Change debt pattern), with 33 cases and 54 children.

^b The total number of children on the IV-D cases where the individual is the NCP. If a particular child is listed on multiple cases, the child is only counted once.

^c The maximum monthly current child support the NCP owed at any one time.

The next table, Table 6.3, continues the examination by number of cases, this time looking at the payments and debts. At the top, the table shows the percentage of NCPs with one case within the debt pattern, their share of total paid, and their share of remaining debt. For the No Change debt pattern, the very large percentage of NCPs (with orders) who had one case, 86.3 percent, also held even larger shares of the total paid and the remaining debt. For the other three patterns, NCPs with one case held a smaller percentage of the remaining debt. For both the Increasing pattern and the Intermittent pattern, debt tends to increase with the number of cases. Payment means and medians show no consistent trend as the number of cases increases for any of the debt patterns.

Table 6.3. Multiple Cases, Payments, and Debts

IV-D Cases	Noncustodial Parents with Orders	Debt Pattern of Noncustodial Parent (NCP)				
		Increasing	Decreasing	Intermittent	No Change	
1	NCPs	97	136	131	145	
	Paid ^a	Mean	\$ 7,562	\$ 26,510	\$ 21,841	\$ 26,451
		Median	3,597	21,538	16,030	23,150
		Sum	733,557	3,605,394	2,861,168	3,835,361
	Debt	Mean	24,295	1,544	1,320	2,467
		Median	18,946	0	0	0
		Sum	2,356,582	209,969	172,916	357,752
	Share of NCPs	48.7 %	68.3 %	65.8 %	86.3 %	
	Share paid	51.8 %	66.2 %	68.2 %	89.8 %	
	Share of debt	39.0 %	58.2 %	24.0 %	89.0 %	
2	NCPs	54	53	41	17	
	Paid	Mean	\$ 7,027	\$ 28,194	\$ 19,095	\$ 23,332
		Median	2,794	21,885	9,610	21,594
	Debt	Mean	31,848	2,731	4,122	727
		Median	32,689	0	650	0
3-7	NCPs	48	10	27	6	
	Paid	Mean	\$ 6,339	\$ 34,309	\$ 20,459	\$ 6,338
		Median	2,982	29,284	13,210	3,044
	Debt	Mean	40,944	583	13,990	5,291
		Median	40,271	0	7,897	6,104
All	NCPs with orders	199	199	199	168 ^b	
	Paid	Mean	\$ 7,122	\$ 27,351	\$ 21,088	\$ 25,417
		Median	3,183	22,608	15,142	21,597
		Sum	1,417,305	5,442,774	4,196,468	4,270,027
	Debt	Mean	30,360	1,812	3,616	2,392
		Median	25,583	0	0	0
		Sum	6,041,711	360,550	719,642	401,852

^aAmount paid and remaining debt are as of 3/01/2001.

^bIn the No Change debt pattern, 29 NCPs without orders established are excluded from the table.

Understanding Multiple Cases

Our previous work on hard-to-collect cases left us with a number of questions about interpreting the phenomenon of multiple cases:

- *To what extent are multiple cases the outcome of relationships with multiple partners?*
- *To what extent do multiple cases reflect the disintegration of the family and the incidence of social problems such as substance abuse?*

In the hard-to-collect case study we noted, for example, a number of instances in which some of the same parties—not just the NCP—appeared on more than one case. A child might be one of three siblings on a Nonassistance case with mother as custodial parent and father as noncustodial parent. The same child might also be one of two children on a TANF case with grandmother as custodian and father as noncustodial parent. The same child might also be on a foster care case with both parents as joint NCPs. (Of course, DCS might also have a case in which one of the child's siblings lives with that father, while the mother is the NCP owing support. And this case would not have appeared within our multiple case count for the hard-to-collect study.)

Regardless of the reason for multiple cases, DCS must still try to collect support. But the remedies may differ, and the relevant partners inside and outside DSHS who might help us may differ, depending on the reason the NCP faces multiple obligations.

- *Why do multiple cases result in such escalating debt?*

On the earlier project, we found that many NCPs with multiple cases made substantial payments, but the money collected was not sufficient to cover all their obligations. This led to escalating arrears.

When child support is set according to Washington's child support guidelines, the NCP's total current support amount may exceed 45 percent of actual net income when the NCP owes support to more than one parent for children in different households. Yet, in setting later support orders, courts are allowed (though not required) to take into account a parent's attempt to meet already-existing support obligations.

And to the extent that multiple cases reflect the children's serial moves from one household to another (rather than multiple partners), this should not substantially increase the amount of the debt. Why should the incapacity of a CP to care for the children result in higher orders and debt growth, even if the children move from mother's home to grandmother's to aunt's? When the child moves, the current support payee may change, but the amount of current support should not increase. (That is, the old and new payees should not each get current support.)

Because of these and other issues from the earlier project, we incorporated questions about the number of different custodial parents and the number of different children on the NCP's cases (i.e., eliminating duplication) into the case assessment for the current Arrearage project. We also coded whether the NCP from our sample was the custodial parent on another IV-D case. If so, we coded the total number of children, without duplication.

In other words, we tried to assess the individual's involvement within the IV-D case load—cases and children for which the individual owed support, and cases and children for which the individual sought support as custodial parent. Of course, this

does not necessarily cover an individual's total obligations.² But it does include the obligations for which the IV-D agency provides services.

Table 6.4 summarizes the IV-D involvement of NCPs in our sample. It shows the number of cases on which the NCP has owed a support obligation. The table shows the number of different children and custodial parents for those cases, without duplication. Although DCS uses the term *custodial parent* or *CP*, it should be noted that this individual is not necessarily a biological or adoptive parent, nor is the individual always a legal custodian.

The median number of children for whom the NCP owes support is the same (two) across debt patterns, as is the median number of custodial parents (one). But the mean and sum are highest for the Increasing arrears pattern, with the Intermittent pattern ranking second.

For every debt pattern, the number of custodial parents is less than the number of IV-D cases for the NCP. This suggests that at least part of the reason for multiple cases in each debt pattern is family disintegration (within the CP's household) rather than having children with multiple partners.

Next the table shows the number and percentage of NCPs who have also been *custodial* parents on other IV-D cases. As mentioned above, the Intermittent pattern showed the highest number—40, which constituted 20.1 percent of NCPs in that pattern. The Increasing pattern came next, with 16.1 percent. Moreover, those who were custodial parents in these two patterns averaged about two cases each in that role. One individual in the Increasing pattern was the custodial parent on 11 cases.

Finally, the table sums the number of IV-D cases on which the individual has been a party, both as *noncustodial* and *custodial* parent. It shows the total number of children, without duplication, on those cases. Once again, the Increasing debt pattern shows the highest numbers for total children and total IV-D cases, followed by the Intermittent pattern.

Clearly, Table 6.4 shows that the Increasing debt pattern is significantly higher than the three other debt patterns on most of the variables considered in the table. Only on two variables (cases as CP and total cases) was there no significant difference between the Increasing and Intermittent patterns. Thus far, the higher orders and higher debt of the Increasing debt pattern appear to have some justification.

² The NCP might be in an intact family with a new spouse and new children, as well as supporting the spouse's child from another relationship. The NCP might also owe child support to someone else for additional children on a direct pay or PSO case. (For the first time, we have an opportunity to investigate this realm of obligations on another project now underway. The Study of Washington State Child Support Orders, undertaken with another grant from OCSE, looks at both IV-D and non IV-D recent Washington support orders, examining the worksheets on which support amounts are based.)

Table 6.4. Summary: IV-D Cases, Children, and Roles

		<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
		<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Number of Noncustodial Parents		199	199	199	197
Number of Cases as NCP	Mean	1.93	1.38	1.57	1.18
	Median	2	1	1	1
	Maximum	7	4	6	4
	Sum	385	274	312	232
Children on NCP's Cases	Mean	2.32	1.94	1.98	1.77
	Median	2	2	2	2
	Maximum	10	6	7	5
	Sum	459	387	394	349
Custodial Parents ^a	Mean	1.79	1.30	1.45	1.14
	Median	1	1	1	1
	Maximum	6	3	5	3
	Sum	357	258	288	225
NCP also CP on IV-D case ^b	Number	32	18	40	18
	Percent	16.1	9.0	20.1	9.1
Cases as CP ^c	Mean	.32	.15	.39	.14
	Median	0	0	0	0
	Maximum	11	6	6	4
	Sum	63	29	77	28
Total Children ^d	Mean	2.42	1.98	2.06	1.81
	Median	2	2	2	2
	Maximum	10	6	7	6
	Sum	481	395	410	356
Total IV-D Cases as NCP and CP	Mean	2.25	1.52	1.95	1.32
	Median	2	1	1	1
	Maximum	14	7	10	5
	Sum	448	303	389	260

^a The total number of custodial parents on these IV-D cases (without duplication).

^b The number of NCPs in the sample who also have at least one IV-D case on which they are CP.

^c The number of cases on which this individual is the CP.

^d The total children on the individual's IV-D cases, including cases as NCP and cases as CP. If a particular child falls in both categories, the child is counted only once.

Results of Significance Testing:

The Increasing debt pattern is significantly higher than the other three debt patterns on number of IV-D cases as NCP ($p < .005$), children as NCP ($p < .05$), number of CPs ($p < .005$), and total children ($p < .05$). The Increasing pattern was significantly higher than the Decreasing and No Change patterns on total cases ($p < .001$). The Intermittent debt pattern was significantly higher than the Decreasing and No Change patterns on number of cases as CP ($p < .05$) and total cases ($p < .005$).

Cases, Families, Households

Who were the individuals designated as *noncustodial* and *custodial parents* on these sample cases? Were they in fact usually the parents? Because of the way child support orders are set, we can expect that the NCP was almost always a biological or adoptive parent, except for a small number of instances in which a stepparent was held liable for support. But who was the CP? Who was raising the children?

Table 6.5 provides an initial look at these issues. In the overwhelming majority of cases, the child’s father was the NCP on the case. The mother was NCP on a small percentage of cases, ranging from 10.7 percent in the Intermittent debt pattern to 5.2 percent in the Decreasing pattern.

As we would expect, the child’s mother was the CP on the majority of cases. The percentage ranged from 87.3 percent for the Decreasing pattern to 73.8 percent for the Increasing pattern. The child’s father was CP in a small percentage of cases, with the Intermittent pattern showing the largest share, at 6.2 percent. Foster care made up a small percentage in each debt pattern. Female relatives—grandmother or aunt—made up a larger share of CPs than either fathers or foster care. When the child’s mother was NCP, the CP was more likely to be a female relative than the child’s father.

Table 6.5. Parents and Case Roles

Identity of Noncustodial (NCP) and Custodial (CP) Parents	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Number of cases	378	268	308	229
Noncustodial parent (NCP)				
Father	340	249	267	199
Mother	36	14	33	23
Stepparent	2	5	8	7
Share with father as NCP	89.9 %	92.9 %	86.7 %	86.9 %
Share with mother as NCP	9.5 %	5.2 %	10.7 %	10.0 %
Custodial parent (CP)				
Mother	279	234	236	189
Father	16	7	19	8
Grandmother	28	6	20	12
Aunt	19	6	9	4
Other ^a	15	4	12	9
Foster care	21	11	12	7
Share with mother as CP	73.8 %	87.3 %	76.9 %	82.5 %
Share with father as CP	4.2 %	2.6 %	6.2 %	3.5 %
Share with grandmother as CP	7.4 %	2.2 %	6.5 %	5.2 %
Share of foster care	5.6 %	4.1 %	3.9 %	3.1 %

^aGrandfather, uncle, stepparent, sibling, or nonrelative.

For the remainder of this discussion we will distinguish between the CP, who fills a role on a DCS case, and the child's actual biological or adoptive parent, here designated as the NCP's *parent partner*.

Table 6.6 looks at the relationship between the number of cases the NCP has had and the type of custodian on those cases. When the NCP has had only one case, the custodian was the child's other parent (the NCP's parent partner) in over 90 percent (from 92 percent to 98 percent) of the cases in each debt pattern. As the number of cases grew, so did the proportion with nonparental custodians. Grandparents, aunts, uncles, and others increasingly stood in for parents. Foster care was not common anyway, but it was virtually limited to situations where the NCP had multiple cases.

Table 6.6. Relationship Between Number of NCP's Cases and Type of Custodian

Cases by Number of NCP's Cases and Custodial Type	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
1 case				
Custodian	97	136	131	171
Parent ^a	92	133	123	157
Foster care	0	0	3	1
Other ^b	5	3	5	13
2 cases	104	102	79	36
Parent	86	85	65	27
Foster care	3	10	1	2
Other	15	7	13	7
3-7 cases	177	30	98	22
Parent	117	23	67	13
Foster care	18	1	8	4
Other	42	6	23	5
Share of cases				
NCPs with 1 case				
Parent	24.4 %	49.6 %	39.9 %	68.6 %
Foster care	0.0 %	0.0 %	1.0 %	0.4 %
Other	1.3 %	1.1 %	1.6 %	5.7 %
NCPs with multiple cases				
Parent	53.7 %	40.3 %	42.9 %	17.5 %
Foster care	5.5 %	4.1 %	2.9 %	2.6 %
Other	15.1 %	4.9 %	11.7 %	5.2 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

^aCustodial parent is either the mother or father of child.

^bCustodial "parent" (custodian) is grandmother, aunt, grandfather, uncle, sibling, stepparent, or nonrelative.

Within each debt pattern, when the NCP has only one case the percentage of cases with parents as custodians is significantly higher than expected ($p < .0005$) and the share with foster care or other custodian lower (chi-square test).

To summarize this information in a slightly different way than it appears in Table 6.6: when NCPs had multiple cases, the percentage of cases with nonparental custodians was 27.8 percent for the Increasing, 18.2 percent for the Decreasing, 25.4 percent for the Intermittent, and 31.0 percent for the No Change debt pattern. By comparison, the percentage of nonparental custodians was much smaller when the NCP had one case: Increasing, 5.2 percent; Decreasing, 2.2 percent; Intermittent, 6.1 percent; No Change, 8.2 percent. The difference between the two percentages for each debt pattern can probably be viewed as the share of multiple cases attributable to family disintegration within the CP's household (rather than multiple parent partners).

Household Constellations, Obligations, and Debt Growth

The complicated relationships outlined here make it all the more difficult to understand the impact of multiple cases on arrears growth, and to study the contribution of child support orders to the management or mismanagement of multiple cases. Here we consider several questions in turn.

- *Is there a relationship between the type of custodian on a case and the amount of obligation?*

Table 6.7 considers this issue. On average, the case obligation (total paid plus remaining debt) is much higher on cases where the CP is the child's parent. Moreover, a larger percentage of the obligation is likely to be paid when the CP is the child's parent. Payment is least likely when the CP is a grandmother or other relative. In interpreting this result, we do not suggest that the NCP is more willing to pay a parent partner. Obligations are probably smaller when the CP is not a parent because the period of custody is usually more time limited. Payment may be less likely because nonparental CPs usually occur where the NCP has multiple cases with payments split between them. Also, the NCP's personal circumstances may play a role here in situations where neither parent is able to care for the child.

- *Is there a difference between debt patterns in the proportion of NCPs whose IV-D obligation is limited to one case with one parent partner?*
- *Is there a difference in the proportion of NCPs with multiple cases and multiple partners?*

As we saw (Chapter 4), the child support schedule works best when the NCP owes support to one parent and all the children live in the same household with that parent. In this situation, even if there are multiple children, the maximum current support will be limited to less than 45 percent of income. Here, so long as actual income was used to set the order, is the circumstance when DCS has the best likelihood of collecting the support as due.

Debt escalates when child support orders are high relative to income. The NCP's total monthly order amount can be very high relative to actual net income if the NCP owes child support under separate orders to different parent partners for children in different households. This outcome is a permitted result of following the child support

schedule. Here multiple cases would seem to be an unavoidable barrier to collection leading to debt growth.

Table 6.7. Case Obligations by Type of Custodian

Case Obligation by Custodial Type	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Parent^a				
Number of cases ^b	268	231	243	160
Case obligation (mean) ^c	\$25,368	\$24,514	\$19,113	\$28,971
Share of obligation paid (mean)	29.6 %	93.9 %	82.8 %	82.1 %
Foster care				
Number of cases	17	11	10	4
Case obligation (mean)	\$ 4,456	\$ 3,793	\$ 6,735	\$ 998
Share of obligation paid (mean)	23.0 %	100 %	56.4 %	62.1 %
Other^d				
Number of cases	57	14	31	12
Case obligation (mean)	\$10,255	\$ 7,068	\$ 6,588	\$ 2,710
Share of obligation paid (mean)	25.0 %	97.8 %	58.7 %	55.2 %

^aCustodian is the child's father or mother.

^bCases with orders and obligations > \$0.

^cCase obligation here is the sum of payments and remaining debt on cases as of March 1, 2001. It does not include debt on closed cases.

^dCustodian is grandmother, aunt, grandfather, uncle, sibling, stepparent, or nonrelative.

Within each debt pattern, the case obligation mean was significantly higher ($p < .005$) when a parent was CP than when the custodian was foster care or other.

Table 6.8 looks at the distribution of NCPs to see first whether the proportion of NCPs with one partner/one case and multiple partners/multiple cases differs between debt patterns. It then shows whether there is a relationship to order amounts and debt.

There is indeed a significant difference between debt patterns in the proportion of NCPs with one partner/one case and multiple partners/multiple cases. The Increasing debt pattern has a significantly larger proportion of NCPs with multiple partners/multiple cases. These NCPs show the highest mean maximum order amount shown in the table, and this amount is statistically significantly higher than the orders for the one partner/one case category in the other three debt patterns. Increasing pattern NCPs with multiple partners/multiple cases also show the highest debt, which is statistically significantly higher than the debt in any category in the other three debt patterns. To this extent, the results seem to support the idea that the Increasing debt pattern's high orders and debt growth are congruent with the child support schedule.

Table 6.8. NCPs, Cases, and Parent Partners

NCPs with Orders Established ^a	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
NCPs with 1 parent partner and 1 case	92	132	123	132
Maximum MOA (mean)	\$ 383	\$ 301	\$ 355	\$ 336
Remaining debt 3/01/2001 (mean)	\$25,244	\$ 1,591	\$ 1,402	\$ 2,604
15-q median MTW ratio (NCPs)	1.85 (35)	.051 (65)	.194 (77)	.117 (78)
Initial debt (mean)	\$ 2,631	\$ 3,062	\$ 1,133	\$ 1,537
1 parent partner and multiple cases	34	30	29	14
Maximum MOA (mean)	\$ 420	\$ 324	\$ 341	\$ 338
Remaining debt (mean)	\$30,474	\$ 943	\$ 6,677	\$ 1,404
15-q median MTW ratio (NCPs)	1.56 (18)	.031 (17)	.143 (22)	.110 (5)
Initial debt (mean)	\$ 4,922	\$ 2,510	\$ 4,734	\$ 720
Multiple partners and multiple cases	68	33	38	9
Maximum MOA (mean)	\$ 520	\$ 502	\$ 497	\$ 343
Remaining debt (mean)	\$38,956	\$ 3,706	\$ 9,292	\$ 2,716
15-q median MTW ratio (NCPs)	1.95 (46)	.066 (27)	.242 (30)	.080 (6)
Initial debt (mean)	\$ 9,546	\$ 5,027	\$ 4,953	\$ 1,914

^aTable excludes 26 NCPs with orders whose only case was with a nonparental custodian and 5 NCPs whose only case was as a stepparent.

^b The number of NCPs with MTW ratios is included in parentheses. MTW ratios were not available for NCPs with Initiating Interstate cases and for others without reported wages.

Results of Significance Testing:

Case/Partner Categories: The difference between debt patterns in the distribution of NCPs among the case/partner categories was statistically significant ($p < .001$). The main departures from expected counts (chi-square) were in the Increasing debt pattern with fewer NCPs in the 1 partner/1 case category and more in the multiple partners/multiple cases category, and in the No Change debt pattern with more NCPs in the 1 partner/1 case category and fewer in the multiple partner/multiple case category.

Maximum MOA: The difference between means was significant in an analysis of variance ($p < .001$); the major differences were between the Increasing pattern's multiple partner/multiple case category and the 1 partner/1 case category in the other three debt patterns ($p < .01$ for each).

Remaining Debt: The difference between means was significant in an analysis of variance ($p < .001$). All categories of the Increasing debt pattern have significantly higher debt than all categories of the other three debt patterns ($p < .01$ or $p < .001$). However, within the Increasing pattern, the categories do not show significant differences. The Intermittent pattern's multiple partner/multiple case category mean debt is significantly higher than three other categories as well.

MTW Ratio: The difference between means was significant in an analysis of variance ($p < .001$). The major significant differences were between the Increasing pattern's 1 partner/1 case category and all of the categories in the Decreasing and Intermittent debt patterns as well as the first category of the No Change pattern.

Initial Debt: The difference between means was significant in an analysis of variance ($p < .001$). The major source of significantly higher means was the Increasing debt pattern's multiple partner/multiple case category, which was significantly higher than seven other categories, including the Increasing pattern's 1 partner/1 case category.

Yet when we look at other parts of the table, questions emerge. Within the Increasing debt pattern, there are not statistically significant differences between the one partner/one case category and multiple partners/multiple cases category either on maximum MOA or on remaining debt. The Increasing pattern one partner/one case category's remaining debt is higher--statistically significantly higher—than the debt in any category of the other debt patterns.

Consequently, two variables were added to the table to help understand the dynamics: 15-quarter MTW ratios (where available) and initial debt. The only variable on which there was a statistically significant difference between the partner/case categories within the Increasing debt pattern was initial debt. The multiple partners/multiple cases category in the Increasing pattern was significantly higher than most of the rest of the table on initial debt. This initial debt is not required by the child support schedule. For the Increasing pattern, all three categories had much higher MTW ratios than the other debt patterns, but the major source of significant difference was between the Increasing pattern's one partner/one case category and the one partner/one case category for the other three debt patterns. Here we cannot excuse the high MTW ratio as required by the child support schedule.

Certainly, part of the Increasing debt pattern's higher orders and debt growth can be explained by the higher proportion of NCPs with multiple partners and multiple cases. But the problem of high orders and concomitant debt growth is not limited to NCPs with multiple partners in this debt pattern.

Table 6.9 looks in more detail at outcomes for those NCPs who had one partner and one case. This is the optimum situation for applying the schedule without debt growth.

In three debt patterns, the majority of NCPs—ranging from 61.8 percent of the Intermittent to 78.6 percent of NCPs with orders in the No Change pattern—had had one IV-D case with one parent partner. On average, they had paid a high percentage of their obligation and had relatively little debt remaining (median debt \$0, mean ranging from under \$1,600 (Decreasing) to about \$2,600 (No Change)). For the Intermittent pattern, the contribution of these NCPs is particularly striking: 61.8 percent of the NCPs had contributed 66.6 percent of the total paid, and held only 24 percent of the debt.

The Increasing debt pattern is quite different from the others. Less than half (46.2 percent) of the NCPs had had one case with one partner. These NCPs had had the highest maximum order amount of any debt pattern. They had paid on average less than one-third of their obligation, while the remaining debt was on average about \$25,000. Clearly, even when we look at the NCPs with one case and one parent partner, the Increasing pattern's situation is different from that of the other debt patterns. As we saw in Table 6.8, high MTW ratios are an important part of the difference.

Table 6.9. Payment and Debt Records of NCPs with One Parent Partner and One Case

<i>NCPs with One Parent Partner and One Case^a</i>	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
Number of NCPs with orders	92	132	123	132
Maximum order amount ^b				
Mean	\$ 383	\$ 301	\$ 355	\$ 336
Median	366	250	300	300
Total paid by 3/01/2001				
Mean	\$ 7,811	\$ 27,219	\$ 22,731	\$ 28,957
Median	3,834	22,677	17,462	27,105
Sum	718,621	3,592,904	2,795,903	3,822,333
Debt remaining 3/01/2001				
Mean	\$ 25,244	\$ 1,591	\$ 1,402	\$ 2,604
Median	20,834	0	0	0
Sum	2,322,421	209,969	172,500	343,673
Share of NCPs with orders	46.2 %	66.3 %	61.8 %	78.6 %
Share of total paid	50.7 %	66.0 %	66.6 %	89.5 %
Share of total debt	38.4 %	58.2 %	24.0 %	85.5 %
NCPs with obligation >\$0	87	132	120	125
Share of NCP's obligation paid ^c				
Mean	34.2 %	94.5 %	93.6 %	83.3 %
Median	24.0 %	100.0 %	100.0 %	100.0 %

^aNCPs whose only IV-D case is for children in one household with one custodian who is the other parent of the children. (Stepparents are excluded.)

^bThe highest monthly order amount (current support) the NCP has had during the period the NCP was in the IV-D case load.

^c*Obligation* here means the total paid plus the debt remaining on open cases. It does not include debt left on closed cases.

Evaluating Orders and Obligations

In earlier chapters of the case assessment, we showed that median monthly child support orders for NCPs in the Increasing debt pattern were higher than reported earnings in the 15-quarter period on which the sampling was based. We also showed that NCPs in the Increasing debt pattern had higher initial debt, largely derived from judgments on paternity orders. The combination of higher orders and higher judgments led to much higher average total obligations for NCPs in the Increasing debt pattern.

This was particularly disturbing because the available income information indicated that the Increasing debt pattern had the lowest reported earnings. Yet the examination of order setting and the state's child support guidelines showed that orders set in conformity with the schedule could be too high to pay if the NCP had multiple orders or if income was imputed.

In this chapter we have looked at barriers to collection and some intricate family-household relationships. On almost every measure, the Increasing debt pattern has ranked highest. On the one hand, having the highest rate of corrections records and history of public assistance makes the high orders and obligations seem less defensible. On the other, having the highest number of children, cases, parent partners, and custodians makes the higher orders and obligations seem more reasonable. It is difficult to compare obligations when the debt patterns differ on the variables that could reasonably affect the order amounts (even apart from income).

Table 6.10 is intended to facilitate such comparisons. The top of the table shows the average (mean) number of children, parent partners, custodians, IV-D cases, and original orders for NCPs in each debt pattern. The Increasing debt pattern is significantly higher on each comparison than the other three debt patterns.

To control for variation, the table then provides order measures per child, per case, per partner, etc. It does the same for obligation measures.

As the order indicator, we began with the maximum monthly order amount (current support) the NCP had during his or her time in the DCS case load. For the obligation variable, we started with the total paid plus debt remaining as of March 1, 2001.

To provide consistent measures of orders, we divided each NCP's maximum order amount by the number of children to get a per-child measure, and did the same for each variable in turn. We followed the same procedure for total obligation. We then tested for significant differences between means.

Constructing such standardized measures does reduce the disparity between the Increasing debt pattern and the other patterns both on orders and on obligations. On some specific items, in fact, the Increasing pattern no longer appears highest.

On a simple comparison of order (maximum MOA) means, the Increasing pattern is significantly higher than the Decreasing and No Change patterns. But when the controlled comparisons are used, there are no statistically significant differences on orders (that is, maximum MOA).

On the comparison of obligation, the results are more complex. The Intermittent pattern shows the lowest amount by every measure. The Increasing and No Change patterns trade off ranking highest and second. The Increasing pattern is notably closer to the No Change pattern than to the other two patterns.

Without the controls, the simple comparison shows that the Increasing debt pattern (mean obligation about \$37,000) is significantly higher than any of the other debt patterns.

Table 6.10. Comparing Obligations Without the Income Dimension

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
All NCPs	199	199	199	197 ^a
Parent partners (mean) ^b	1.47	1.18	1.20	0.97
Children (mean) ^c	2.31	1.94	1.98	1.78
Custodians (CPs) (mean) ^d	1.79	1.30	1.45	1.13
IV-D cases as NCP (mean)	1.93	1.38	1.57	1.17
Original orders (mean) ^e	1.84	1.46	1.57	1.20 ^a
NCPs with orders	199	199	199	168
Maximum MOA (mean) ^f	\$ 429	\$ 332	\$ 373	\$ 323
By parent partners (mean) ^g	332	293	327	327
By children (mean)	208	186	209	215
By custodians (mean)	295	272	301	305
By cases (mean)	274	263	286	298
By orders (mean)	259	251	281	291
Total obligation (mean) ^h	\$ 37,482	\$ 29,162	\$ 24,704	\$ 27,809
By parent partners (mean) ^g	28,884	25,866	21,961	28,891
By children (mean)	18,813	17,784	14,497	18,892
By custodians (mean)	25,745	24,597	19,755	26,717
By cases (mean)	23,854	23,862	18,976	26,306
By orders (mean)	23,170	23,042	19,066	25,382

^a For original orders the mean was computed for NCPs with orders (168) in the No Change pattern.
^bParent partner means the other natural or adoptive parent of the child (while the custodian or CP may be either the same person or a nonparent).
^cChildren on IV-D cases for whom the NCP is obligated to pay support (without duplication).
^dThe number of different custodians or CPs on the NCP's IV-D cases (without duplication).
^eThe number of orders used to set the original child support on the NCP's cases (without modifications).
^fThe maximum monthly order amount (current support) the NCP owed at any one time, summing the current support on all the cases open at that time.
^gStepparents are excluded here.
^hObligation is the sum of the total paid and debt remaining on the NCP's cases, as of March 1, 2001.

Results of Significance Testing on Differences in Means

Top of table (All NCPs): The Increasing debt pattern is significantly higher (p<.05) than the other three debt patterns on each comparison (parent partners, children, CPs, cases as NCP, original orders).
Maximum MOA: On a simple comparison of means without controls, the Increasing debt pattern's mean is significantly higher (p<.001) than the Decreasing and No Change means. On the controlled comparisons, none of the differences is statistically significant.
Total obligation: On a simple comparison of means without controls, the Increasing debt pattern's obligation is significantly higher (p<.01) than each of the other three debt patterns. On the controlled comparisons, the Increasing debt pattern is significantly higher (p<.05) than the Intermittent debt pattern on the per custodian, per child, and per parent partner comparisons. On obligation the Intermittent pattern is significantly lower (p <.05) than the No Change pattern on all five of the controlled comparisons.

On the controlled comparisons, the Increasing pattern is significantly higher than the Intermittent on comparisons of obligation per child, per CP, and per parent partner. The Intermittent is also significantly lower than the No Change pattern on all of the obligation controlled comparisons.

Why are the results of the obligation comparisons so different from the order comparisons? One reason is that relatively small differences in monthly amounts become magnified over time. A second reason is that obligations include initial judgments while order amounts do not.

The comparisons in Table 6.10 do not take income into account. The only income data available to us in this study are the reported earnings data for the 15-quarter period. As reported in an earlier chapter, for the 15-quarter period, the No Change debt pattern ranked highest, the Decreasing second, followed at considerable distance by the Intermittent, with the Increasing far below the others.

If income were taken into account in order setting and maintenance, it seems very unlikely that the Increasing and No Change patterns—lowest and highest on reported earnings—would rank together on obligation. The Intermittent pattern's consistently lower amounts on obligation measures probably reflect orders based on income. If the Increasing debt pattern's obligations were also based on income, we would expect to find them consistently lower than the Intermittent's on the controlled measures. We would not expect to find the Increasing pattern ranked with the No Change pattern on highest obligation measures. Nor would we expect to find the Increasing pattern significantly higher than the Intermittent.

The Increasing debt pattern clearly shows more barriers and more complex family relations than the other debt patterns. It is all too easy to assume that these higher averages justify—or at least explain—the higher orders and obligations of the Increasing debt pattern. On the contrary, Table 6.10 provides more evidence of the underlying problems with orders that led to escalating arrears in this section of the case load.

Barriers and Debt Growth

Multiple cases are indeed challenging, but the examination here finds room for optimism. Across all debt patterns, the sampled NCPs averaged about two children each. A solid majority in each debt pattern had only one parent partner on IV-D cases, ranging from 62.8 percent in the Increasing pattern, to 75.9 percent in the Intermittent, to 81.4 percent in the Decreasing, and 84.3 percent (86.3 percent of those with orders) in the No Change pattern. Even though some of these NCPs with one parent partner had multiple cases, their obligations should be payable and collectible—if their child support orders are managed correctly.

There is much complexity evident in the cases of these sampled NCPs: cases, CPs, orders, children, parent partners. However, when arrears continue to grow for NCPs with multiple cases, DCS should not assume that such growth is an inevitable concomitant of complexity. When multiple cases involve nonparental custodians or

small numbers of children, the monthly order amounts deserve close scrutiny. Monthly order amounts should be reviewed in light of the basic triad of number of children, number of parent partners, and reported earnings.

Other barriers to collection, such as corrections record and public assistance history, were also associated with debt growth. DCS has long pursued a data match with the Department of Corrections, and this remains an important need to prevent unnecessary debt growth. By actively monitoring orders and adjusting or modifying them more frequently, DCS should be able to minimize debt growth among NCPs with disabilities or recurrent reliance on public assistance or other public programs. The information is available through data matches if DCS chooses to use it.

Barriers to collection as we have defined them are characteristics of the NCP, many of them arising from the NCP's incapacities or flawed life choices. But such barriers need not inevitably lead to debt growth without the contribution of a hidden barrier: inaccurate order setting and maintenance. DCS cannot prevent poor life choices, but it can sometimes minimize their impact on debt growth, possibly helping families in the process.

7. Locate Work

Summary

This is the first of two chapters examining field staff work and exploring possible relationships to the four debt patterns. By and large, DCS collection staff did diligent, appropriate, and focused locate work. They concentrated their locate efforts on NCPs with increasing arrears and, within debt patterns, on other situations where attention was most urgently needed. We did not find that the persisting debt patterns, especially the Increasing pattern, could plausibly be linked to inadequate locate work. Field staff did not, however, take full advantage of new locate resources available through the Internet. Adopting new locate tools may require DCS to emphasize new locate training. More important are the possibilities of using centralized research and data mining to help identify likely candidates for hidden income. Without replacing individual SEO locate work, such central research could help staff sharpen the focus in follow-up work on older cases.

Use of Locate Tools

The quality of locate work is critical to collecting child support. Unless staff find the noncustodial parent (NCP), then locate the employer and the assets, they cannot collect support. DCS locate work is sometimes essential to creating and serving an order in the first place. Decisions about seeking modifications also can depend on locating new income.

To assess the quality of locate work, the coder reviewed the case comments from 1993 to the coding date or until the case closed. She used a check list of locate tools. The effort required to use these tools ranged from simple review of screens to making personal telephone calls to employers, neighbors, and relatives of the NCP.

Table 7.1 is a simple list of the locate tools documented in case comments. It is arranged according to the number of NCPs for whom that locate tool was used at least once. (Obviously, some tools were used repeatedly for a particular NCP and the table does not reflect this.)

Our tally of locate tools used undercounts the amount of locate efforts in several ways. To make the coder's task manageable, we began the review in 1993. Many cases are much older than 1993, and intensive locate work may have been concentrated on that NCP in an earlier period. Fewer tools were available in earlier years, and some that were available were not used much (e.g., credit bureau checks), because they were cumbersome and expensive.

Table 7.1. Locate Tools

<i>Locate Tool Used by DCS Staff</i>	<i>Number of Noncustodial Parents</i>
ES/SD/IT IS screens (Search of basic SEMS screens that have interfaces with Employment Security [employer, wages, unemployment compensation benefits] and public assistance program <i>Employer Inquiry, DSHS18-002</i>	450
Credit Bureau	395
Telephone	302
DOL (Department of Licensing) database for driver's license, etc.	277
WICP/CSENet (Child Support Enforcement Network for quick locate in other states; former Western Interstate Clearinghouse Program for searches within western region)	265
Central (State Office) Locate (for referral to federal locate resources)	207
DOL vehicle/vessel search	163
DOR/MLS (Department of Revenue database/Master Licensing Service database) <i>Locate Inquiry Letter, DSHS18-013</i>	127
DOC/FORS (Felony Offenders Reporting System data base retrieves information about individuals under Department of Corrections jurisdiction)	125
SCOMIS/DISCIS (Superior Court Management Information System and District Court Information System) databases	101
TPQY (Third Party Query) to Social Security Administration	76
<i>Subpoena Duces Tecum, DSHS 9-301</i>	72
Phone Disk	64
Drive By	64
	5
	1

A very major change is the amount of automated matches and computerized searches available today. Had we tallied the locate work prior to 1993, we would have found more use of inquiry forms sent by mail to individuals and probably more telephone calls. The tables here provide a look at use of locate tools for the past eight years or until the particular case closed.

But this simple list does not tell us much that we want to know about locate tools. Can we show a correlation between arrearage patterns and use of locate tools? For example, is a pattern of steadily increasing debt associated with lack of locate work? Or does the correlation show extra locate work devoted to this debt pattern of hard-to-collect cases?

Table 7.2 shows the number of locate tools used according to debt pattern. Within the patterns, the table also delineates those NCPs whose cases were Initiating Interstate (IJ). It sometimes requires extra work to discover that the NCP is not in Washington. On the other hand, after initiating an interstate referral, DCS locate work ceases.

Table 7.2. Relationship of Locate Work and Debt Pattern

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
All Noncustodial Parents	199	199	199	197
Number of locate tools used to find NCP or assets				
Mean	5.79	1.65	3.75	2.36
Maximum	12	8	11	13
Sum	1,153	329	747	465
Initiating Interstate (IJ) NCPs	48	34	30	51
Locate tools used				
Mean	4.33	1.38	3.53	2.98
Maximum	12	5	10	10
NCPs with no order				29
Of which Initiating Interstate (IJ)				19
Locate tools used				
Mean				3.74
Maximum				10
Non-IJ				10
Locate tools used				
Mean				5.20
Maximum				9

For the one debt pattern that contains some NCPs without obligations established, the table also looks at locate work on these NCPs separately. Since DCS cannot establish an order without serving notice on the individual, extra locate efforts should have been made.

Focus of Locate Work

The debt pattern model proved useful in pinpointing the concentration of locate effort within the case load. There are indeed marked differences in the number of locate tools utilized. Table 7.2 provides the average number of tools used per NCP in that debt pattern. It shows the maximum number of tools used for an NCP in that pattern. Finally, it shows the total number of tools utilized for NCPs in that category.

Clearly, collection staff devoted much more locate work to pursuing NCPs in the Increasing debt pattern. After that, the Intermittent pattern got the most attention.

Within the No Change pattern, over one-fourth of the work went to seeking the small group with no order established. Interstate status appears to be an important factor in understanding why no order was established. Out of 29 NCPs without an order, 19 (65.5 percent) were Initiating Interstate. Even here, DCS staff had tried an average of 3.74 locate tools on these IJ cases from 1993 on.

On these interstate cases, failure to establish an order was not necessarily a locate failure by either state's staff. Differences between states' criteria for establishing an order remained an issue for some cases in the sample. Poor communication exacerbated the problems. For example, one case in the sample for which no order was established was an Initiating Interstate referral to New Jersey to establish an order for arrears-only. Between 1994 and 2000, DCS made twelve status requests and ten telephone calls to find out whether New Jersey had established an order. During that time the case was transferred between four field offices in New Jersey. At the end, DCS was informed that New Jersey had closed their case because they could not locate the NCP and would not establish an order for an arrears-only debt. In essence, it took New Jersey child support six years to tell Washington child support they would not be able to establish an order.

Table 7.2 indicates that collection staff concentrated their locate efforts appropriately where the attention was most urgently needed. But did they try "enough" tools? Certainly, there is a difference between the mean and the maximum locate tools used for every category in this table. But in assessing the difference, one must recall the issue about the age of the obligation relative to the period examined. Work done before 1993 was not coded. Moreover, most tools are not appropriate for every situation. And if the SEO got a hint that the missing NCP had had trouble with the law, quickly checked DOC/FORS and got a "hit," it would have been pointless to try ten more tools.

Table 7.3 turns from the NCP's debt pattern to the case level. Here we examine the relationship between locate work and case outcomes. The table includes only the cases that have closed. Cases are categorized by the case closure reason. The reasons are in turn grouped roughly according to the following scheme: successful payment outcomes; cases closed for custodial parent or interstate issues; problems with the debt (e.g., not legally enforceable); and noncustodial parent problems that made the debt uncollectible (e.g., NCP dead, permanently disabled, recurrently mentally ill, unemployable because of addiction or other problems).

Generally, the locate effort increases per case as we move down through the categories. Cases closed for reasons related to the NCP received much more locate attention per case in the period examined than those in the successful payment outcomes category.

Table 7.3. Locate Work and Case Outcomes

Closure Reason	Number of Cases	Locate Tools Used	
		Mean	Sum
Paid in full	220	2.09	459
Pd. in full with some debt lost to statute of limitations	21	2.62	55
Pd. in full after some debt reduction	27	2.93	79
Child no longer in CP's household	10	2.40	24
Small debt/no CFS due or other policy reasons	18	3.78	68
Custodial Parent issues	57	3.82	218
Interstate issues	51	4.49	229
No debt established	18	4.28	77
Not legally enforceable	9	5.22	47
NCP dead or permanently disabled	14	4.79	67
Unable to locate NCP	39	5.90	230
NCP uncollectible	7	6.71	47
None given/ coder could not tell	11	2.91	32
All closed cases	502	3.25	1,632

Locate Work and Debt Pattern

The results presented in Tables 7.2 and 7.3 show that collection staff used a variety of tools to locate noncustodial parents and their assets. They concentrated their locate efforts appropriately where attention was most urgently needed. When we look at locate efforts in the framework of debt patterns, locate efforts were concentrated on NCPs with steadily increasing arrears, and to a lesser extent, on locating NCPs without a support order. From the perspective of case closure reasons, locate efforts were concentrated on cases where DCS could not locate the NCP or determined that the NCP lacked assets and employability. Clearly, the SEO did not give up easily.

While individual support enforcement officers may do a perfunctory job of locate, our analysis indicates that by and large DCS collection staff did diligent, appropriate, and focused locate work.

For this study our major focus was to explore the relationship of various factors to debt patterns. Had we found that the least locate effort was associated with the Increasing debt pattern, we might have decided that poor staff work was an important factor. Had we found that locate work was the same across four debt patterns, we

might have concluded that staff work is rather perfunctory and done by rote. But in fact we found that staff devoted the most effort to the Increasing debt pattern. Moreover, within debt patterns they devoted differential amounts of attention to the most urgent problems.

Consequently, we do not see inadequate locate work as a “reason” for such persisting debt patterns, especially the Increasing debt pattern. On the contrary, the Increasing pattern’s debt would surely have been larger without the extra locate work.

Having said this, it is still likely that with more training in new techniques and with more time to devote to locate efforts, DCS staff could collect more money. Enhanced locate work certainly has a role in improving collections and reducing arrears.

Next Steps: Using the Computer More

Field Locate

Locate and collection tools have increased dramatically since the 15-quarter period. The increasing use of the Internet alone has opened many opportunities. An SEO can now search to see if an NCP is deceased by running the social security number through the Social Security Death Index. The Washington State Department of Revenue is on-line, so searching to see whether an NCP is self-employed is very easy and quick. The various “people finders” on the Internet such as 555-1212 make it unnecessary to call the telephone company’s information number or look through phone books. It is very easy to search for out-of-state NCPs or employers with these tools as well. In addition, many out-of-state counties and even prisons are on-line, making it simple to search to see whether NCPs own property or are incarcerated.

Unfortunately, it did not appear from the case comments reviewed for the case assessment that SEOs were taking full advantage of these new locate opportunities. This may be due to unfamiliarity with the Internet and what it can offer or to lack of time to pursue intense locate activities. The coded data from the case assessment show that in general DCS collection staff have used traditional locate tools appropriately and actively. Adopting new locate resources may take some time and may require DCS to emphasize new locate training.

Centralized Research and Data Mining

The most promising new avenues for enhanced locate are found within the DCS central research unit. Recent DCS research grants have provided vastly enhanced computer capabilities, enlarged longitudinal data bases, and advanced training for research staff in data mining and data management. These developments should help research staff over time identify patterns associated with income-hiding or other issues.

Some intriguing possibilities are already evident in Carl Formoso’s longitudinal study for this project. For example, he suggests that nonpaying NCPs with low reported

earnings for covered employment but no identified barriers to payment are likely candidates for hidden income (Volume 1, Chapters 3, 8). Presumably, the strategy here would be first to identify cases with debt and missed payments, then match against employment records and other databases to check for wages and barriers (such as limited English, disability, etc.). (Getting an automated data match with the Department of Corrections would be an important addition for enhanced locate.) If barriers are not found, the cases would be referred either to a specialized collection unit or to field office SEOs to try concentrated locate (credit bureau reports and other methods). If the computer matches find barriers without additional income, and orders seem too high for income, presumably this information too would be fed to the field SEO or a specialized unit to decide on a strategy for modifying the order or writing off debt.

Of course, this centralized research would not replace individual locate work. SEOs would still do searches, especially for new cases. But for ongoing work, especially on older cases, it would sharpen the focus so that SEOs can concentrate their time and attention on promising targets. Feedback would be a vital part of this system. As additional information was gained from the SEO's follow-up, the researcher would refine the search program.

8. Collection Work

Summary

This chapter continues the examination of field staff work, this time in collections. Effective use of collection tools depends on the resources and situation of the NCP. Although one tool might suffice for an NCP with a career of stable employment, in general SEOs found it necessary to use an average of three or more tools for each NCP. For the period examined here, the payroll deduction notice (PDN) and order to withhold and deliver (OWD) were each widely used, particularly on cases closed with successful outcomes. IRS certification was also employed widely. The tool that proved most significant in differentiating among debt patterns and payment outcomes was negotiating lower monthly payments on arrears. This tool made monthly payments more manageable without reducing the debt.

IRS offsets provided some collections for a sizeable proportion of NCPs but were very rarely the only payments collected from an NCP. In general, these offsets provided additional money from NCPs who were already paying. Work-related “safety net” benefits were a significant source of child support payments. Some child support was collected from such benefits for approximately 40 percent or more of NCPs in each of three debt patterns. Two time-limited programs administered at the state level are especially important: unemployment compensation and workers’ compensation. Other federal-level benefits are less time-limited and sometimes provide disability dependent benefits, but they require more work by the SEO and are less easily tracked. Given the significant proportion of low-income and disabled NCPs, it is important to think strategically about sources of child support outside current employment.

Collection Tools

The case assessment examined field staff use of collection tools in a manner somewhat parallel to the study of locate tools. Again, our tally of collection tools used undercounts the amount of collection work for the same reasons. To make the task more manageable, the coder reviewed case comments from 1993 to the coding date or until the case closed. She used a check list of collection tools, adding to the list as necessary. Since many cases were opened long before 1993, some collection tools may have been omitted. In an earlier time, use of telephone and letters would probably have been more widespread.

Table 8.1 lists the collection tools documented in case comments. It is arranged according to the number of NCPs for whom that tool was used at least once. The table

separates parents by debt pattern and also shows the share of NCPs with Initiating Interstate cases in each debt pattern.

In interpreting these tables on the use of collection tools, it is important to keep several issues in mind:

- What did the law require at the time, and what did the law permit?
- What did the support order require, and what did it permit?
- What collection tools were appropriate for the job and assets of the NCP?

For example, IRS certification is only appropriate when the NCP owes a debt of a certain size. It was used for almost all the NCPs in the Increasing pattern and for the majority of NCPs in two other debt patterns, but was not appropriate for those in the No Change pattern who lacked such a debt.

Clearly, payroll deduction notices and orders to withhold and deliver are the most widely used collection tools since 1993. Their use reflects in part the legal change that implemented immediate wage withholding (regardless of delinquency status). But older orders mandating wage withholding only upon delinquency may still govern some of these cases, especially for parents in the No Change pattern. On the other hand, perhaps a withhold notice was not used because neither an employer nor an asset was located.

At the other extreme from the popular PDN/OWD tools, license suspension is a relatively new collection remedy and was not emphasized until 1999.¹

Theoretically, if one collection tool is successful in securing child support payments from a particular NCP, no other would be needed. If a parent has had a secure job with a long-time employer and the order specifies immediate wage withholding, only one tool—a PDN—might be needed to provide monthly child support with no debt accruing. On the other hand, if diligent locate produced no evidence of assets, perhaps only one collection tool was possible: IRS certification. That is, use of one tool might be a sign either of successful collection or its opposite.

Whatever the situation for a particular NCP, Table 8.1 suggests that DCS staff use multiple tools to collect child support and minimize arrears. The bottom of the table shows that even for the Decreasing pattern (the pattern with the oldest cases, with higher wages and lower MTW ratio), the average number of tools is 3.25. Initiating Interstate lowers the average number of tools for each debt pattern, because once the case is referred, the SEO is not working the case.

¹ One of the most important new tools added by federal legislation accompanying welfare reform is missing from the list here. The Financial Institution Data Match Program (FIDM) was under way in 1998-1999, and by April 2000 was generating \$400,000-\$500,000 in monthly collections. But FIDM is missing from the list here because the coder did not find evidence that FIDM had yet produced a match for any of the sample NCPs. FIDM collections lacked a distinctive payment type, so tracking FIDM collections directly was not possible. It is possible that some of the OWDs in the table resulted from FIDM matches.

Table 8.1. Use of Collection Tools

Collection Tool Used (1993 to present) ^a	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Number of NCPs with orders	199	199	199	168
Payroll Deduction Notice (PDN) or Order to Withhold and Deliver (OWD)	163	163	167	106
IRS certification	192	169	150	75
County lien filed	150	120	120	45
Monthly debt payments lowered ^b	57	106	67	13
URES/UIFSA	71	49	52	42
Contempt referral	39	4	17	4
Letter to NCP	16	19	15	8
Seizure (NWEP seizure process started or vehicle/vessel lien placed)	24	2	18	1
License suspension (DSHS 09-851 sent)	16	4	5	3
Telephone call(s) to NCP	6	5	10	7
Electronic Funds Transfer agreement with NCP	0	6	2	13
Qualified Domestic Relations Order	0	0	1	0
All collection tools used				
Mean	3.69	3.25	3.14	1.89
Median	4	3	3	2
Maximum	8	6	8	6
Sum	734	647	624	317
Share of Initiating Interstate	NCPs = 48	NCPs = 34	NCPs = 30	NCPs = 32
Mean	3.00	2.35	2.57	1.75
Median	3	2	2	2
Maximum	7	4	8	4
Sum	144	80	77	56

^aEach tool is counted once for each NCP for whom it was used, regardless of the number of times or number of cases on which it was used. Tools used only prior to 1993 would not appear here.

^bThis tool lowers the monthly payment on arrears to make payments more manageable, but does not reduce the debt. Sometimes NCPs signed a waiver of the statute of limitations when this tool was used. A waiver was signed for 71 cases.

Are some collection tools “better” than others? The best tool would require a one-time action by the SEO to set in place the collection of all monthly support on time. For some cases, a payroll deduction notice accomplishes this. But this situation does not seem widespread for our sample. A more realistic measure would be to determine which tool brings in the most child support for the least continuing SEO time. But again, in some situations the best tool is the only option available.

Are some collection tools more associated with successful case payment outcomes? Table 8.2 looks at this question. Here we began with cases in the sample that were closed as paid in full, or closed because of small debt and no current support due. We tallied the collection tools documented for the NCPs with these cases.

The number of successful closures varies greatly among debt patterns. There were only 14 cases of 12 NCPs in the Increasing pattern, with an average of 3.42 collection tools used—mainly PDNs/OWDs, IRS certifications, and liens. In the Decreasing pattern there were 102 NCPs with 124 successfully closed cases, and the average number of tools documented was 3.11. The No Change pattern had 51 NCPs with 54 cases, but the average number of collection tools was only 1.8 while the average amount collected was much larger than for the others (mean \$21,812 and median \$20,495).

An Intriguing Tool: Reduce the Arrears Payment—Not the Arrears

Surprisingly, the tool that proved to be most significant in differentiating among debt patterns and among payment outcomes was one that we originally did not see as a collection tool. One item we coded was whether DCS staff had negotiated lower monthly payment amounts on the debt. This tool lowers the monthly payment on arrears to make payments more manageable but does not reduce the debt. We originally coded this as evidence of the SEO’s willingness to negotiate, rather than as a collection instrument in itself. But when we saw the distribution of this technique among debt patterns, we realized that lowering monthly arrears payments is a collection tool.

Table 8.1 shows that monthly debt payments were lowered for 106 NCPs in the Decreasing pattern compared to 57 Increasing, 67 Intermittent, and 13 No Change pattern parents. Of NCPs in the Decreasing debt pattern, over 53 percent had benefited from lowered monthly arrears payments. By comparison, DCS had lowered monthly arrears payments for 33.7 percent of the Intermittent pattern, 28.6 percent of the Increasing pattern and only 7.7 percent of the No Change pattern.

In Table 8.2 we looked at “successful” case closures—at cases closed as paid in full or substantially paid off. The Decreasing debt pattern had far more cases closed successfully (124) than the others (Intermittent 91, No Change 54, and Increasing only 14). When we look at the collection tools used for the NCPs on these closed cases, we find that lowering monthly arrears payments was used for 48 percent of the 102 NCPs in the Decreasing debt pattern. It was used for 37.3 percent of the 75 NCPs in the Intermittent pattern. By comparison, this tool was used for only 12.8 percent of the 51 NCPs in the No Change pattern, and for just one of the 12 Increasing pattern NCPs.

Table 8.2. Collection Tools and Successful Case Payment Outcomes

Collection Tools Used for Cases Closed as Paid ^a	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Number of closed cases	14	124	91	54
Amount paid on cases				
Mean	\$ 2,359	\$ 18,537	\$ 12,903	\$ 21,812
Median	1,477	12,442	3,741	20,495
Sum	35,540	2,298,620	1,174,142	1,177,875
NCPs for these cases	12	102	75	51
Collection tools used for NCPs				
PDN/OWD	10	81	63	38
IRS certification	12	85	59	19
Lien	10	61	46	11
Monthly debt payment Lowered	1	49	28	4
URES/EIFSA	3	24	21	9
Contempt referral	2	3	5	0
Letter to NCP	1	8	5	2
Seizure process	1	1	8	0
License suspension	0	0	1	0
Phoned NCP	1	1	3	4
EFT	0	4	0	5
QDRO	0	0	1	0
All collection tools used				
Mean	3.42	3.11	3.20	1.80
Sum	41	317	240	51
Share of Initiating Interstate:				
Number of closed cases	3	21	14	7
NCPs for these cases	3	19	14	7
Amount paid on cases				
Mean	\$ 5,009	\$ 17,410	\$ 11,583	\$ 10,439
Sum	15,026	365,602	162,168	73,076
All collection tools used				
Mean	3.00	2.53	2.57	1.86
Sum	9	48	36	13

^aIncludes cases closed as paid in full, paid in full with some debt lost to SOL, paid in full after some debt reduction, or closed because of small debt and no CFS due.

Determining the precise impact of this tool is not simple, however. One problem is that use of this tool appears to be evidence of a more thorough approach to collection generally. For each debt pattern, when the NCP's monthly arrears payments were lowered, the median number of collection tools used per NCP was higher than for NCPs not offered lower payment amounts.

And the difference goes beyond enumeration of collection tools. Originally, we included the question "Did DCS agree to lower monthly payments on arrears?" on the coding sheet as an indication of the SEO's willingness to *negotiate*. When monthly payments have been lowered, there has been negotiation between DCS and the NCP, which means that the parent and the SEO have communicated—face-to-face, over the telephone, or in letters. Although this again makes it difficult to *measure* the relative effectiveness of one collection tool, it also suggests another reason for trying it. Thoroughness, initiating communication, and negotiation skill have always been qualities of a good collector.

Are there circumstances where DCS should actively encourage collectors to offer NCPs the option of lowered monthly arrears payments? Generally, such negotiation should not be needed if wages are high compared to current support. There is also no point if the NCP never pays. Lowering monthly arrears payments can only be of very limited use to NCPs with current support orders higher than their wages. Here current support orders must be modified and debt written off if the pattern of increasing arrears is to change.

Logically, lowered monthly arrears payments should have the most appeal to NCPs with steady wages whose monthly order amount (current support) is just on the edge of being manageable. In this study both the longitudinal analysis and the case assessment suggest that the approximate marker between manageability and debt growth is an MTW ratio of .20.

In the case assessment sample Intermittent debt pattern NCPs fit this description. For some of them, arrears periodically grew and declined throughout the 15-quarter period. We might describe these NCPs as debtors whose "shoes pinch but they're still walking." Within the Intermittent debt pattern, in the 15-quarter period NCPs whose monthly arrears payments were lowered made higher median monthly payments even though their median wages were little more than half of their counterparts. Their median MTW ratio was .213 compared to .170, and their payment-to-wage ratio was .204, compared to only .115 for their counterparts. Here it seems plausible to suggest that lowering monthly arrears payments had a positive impact on outcomes.

Perhaps an initial benchmark for trying negotiation would be an MTW ratio of .17 or higher with a record of frequent payment. Given the high ratio of current support to wages, it seems likely that many NCPs such as those in the Intermittent pattern would find it helpful to have monthly arrears payments lowered for a period of time. Such arrangements might actually result in higher payments relative to wages.

Child Support Payment Sources

As we have seen, child support payments are highly correlated with wages from reported employment. Debt growth is concentrated where NCPs have low reported wages relative to their orders. Other than money withheld from wages, where do child support payments come from?

IRS Offsets

Certification of a debt to the IRS is one of the most common child support collection tools used. When the debt is certified, the IRS can withhold money from the NCP's federal income tax refund. Because the process is heavily automated, this collection tool requires little time or initiative from collection staff. As a federal remedy, IRS offsets apply to Initiating Interstate cases as well as in-state. IRS certification is the responsibility of the Initiating jurisdiction, and offset payments come through the Initiating jurisdiction. Consequently, DCS has more control and better tracking of IRS certification than of other collection tools for Initiating Interstate cases. IRS offsets are also the only payment source that gives priority to assigned arrears; these payments are applied first to TANF debts. For all these reasons, IRS offsets are an important source of child support collected.²

As a tool, IRS certification has three important limitations. The NCP has to be in arrears; current support cannot be submitted for offset. Because the offset comes from the tax refund, there will be no money if the NCP does not file a return that results in a refund. And the amount that can be kept as child support is limited by the size of the NCP's share of the refund.

Table 8.3 shows the number of NCPs whose child support payments have come at least partly from IRS offsets. In determining whether some child support was collected from IRS offsets, the coder looked at the NCP's whole payment history. The table is not limited to the period beginning 1993.³

² For FFY 2000, IRS offsets provided 5.1 percent of the total collected. (Source: U.S. DHHS, ACF, Office of Child Support Enforcement, *Annual Statistical Report for Fiscal Years 1999 and 2000*, Table 28: Total Collections Made by States by Method of Collection, FY 2000. [http://www.acf.dhhs.gov/programs/cse/pubs/2002/reports/datareport/table 28.html](http://www.acf.dhhs.gov/programs/cse/pubs/2002/reports/datareport/table%2028.html).) For delinquent cases, however, IRS offsets can be a much larger share. The DCS research project on hard-to-collect cases, for which cases selected for the sample had not made a payment in at least six months except for IRS offsets, found that 20 percent of money collected during the tracking period (about 18 months) came from IRS offsets. For subro-only cases worked by field offices during this period, 44 percent of money collected came from IRS offsets. (Source: *Overcoming the Barriers to Collection*, 1999, chapter 5, pp. 58, 86-87.)

³ Debt criteria for IRS certification have changed over time. Originally, only AFDC debts were eligible. Non-AFDC debts later became eligible, but with a higher required amount of debt. Presently, TANF debts have to be at least \$150 and over three months delinquent. For non-TANF debts to be certified, they must be at least \$500 per case with a current support order still in effect and children in the home. Because of changes broadening criteria over time, there are more NCPs in later years whose refunds can be reached by IRS offsets.

Table 8.3. IRS Offsets as a Source of Child Support Payments

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
NCPs with orders established	199	199	199	168
NCPs with at least one payment	176	199	190	144
Percentage of NCPs	88.4 %	100 %	95.5 %	85.7 %
NCPs with IRS offset payments ^a	89	123	98	37
Percentage of NCPs	44.7 %	61.8 %	49.2 %	22.0 %
NCPs with IRS offsets as percentage of paying NCPs	50.6 %	61.8 %	51.6 %	25.7 %
NCPs with IRS offsets as sole source of payments ^b	8	0	3	1

^aIncludes Initiating Interstate: Increasing, 22; Decreasing, 23; Intermittent, 17; No Change, 7.

^bThe Increasing pattern includes 3 Initiating Interstate.

The Decreasing debt pattern shows the largest proportion of parents (about 62 percent) with some payments withheld from tax refunds. The No Change debt pattern contains the smallest proportion with 22 percent.

The table also shows the limitations of IRS certification as a collection remedy. For example, as we saw in earlier tables, these two debt patterns—No Change followed by Decreasing—had the highest average wages in the 15-quarter period. Presumably higher reported wages result in more tax returns filed with possible tax refunds. But wages and tax returns do not necessarily translate into IRS offsets. The No Change pattern shows much variety, but it includes the sample’s segment of NCPs who paid current support as ordered without accumulating debt. This segment also contained the higher wages.

The Increasing debt pattern certainly contained the requisite arrears for IRS certification, but often these parents lacked reported wages. Since less than 45 percent had an IRS offset, we can probably infer that many NCPs do not file tax returns in the absence of reported wages.

IRS certification is often regarded as a fallback tool for collecting from NCPs when other methods have been unsuccessful. However, as Table 8.3 shows, IRS offsets are very seldom the only payments collected from NCPs. In general, IRS offsets provide additional collections from NCPs who are already paying.

How successful is IRS certification as a collection tool for NCPs who do not have wages from reported employment? Data limitations inhibit our ability to answer this question. IRS offset payment data cover the whole period of the NCP’s involvement

with DCS. But our wage data is limited to the 15-quarter period and is complete only for non-Initiating Interstate cases. We looked at the relationship between IRS offset payments and wages for the sample NCPs, excluding Initiating Interstate. Because the time periods do not coincide for the two variables, the results will *understate* the proportion of NCPs who actually have had wages from reported employment.

For the Increasing debt pattern, DCS had collected IRS offset money from 27.3 percent of NCPs with no reported 15-quarter wages. For the Decreasing debt pattern, DCS collected IRS offsets from 55.8 percent of the NCPs with no reported 15-quarter wages. For the Intermittent pattern, DCS collected IRS money from 35.3 percent of NCPs with no reported 15-quarter wages. And for the No Change debt pattern, DCS collected IRS money from 26.2 percent of the NCPs with no reported 15-quarter wages.

In interpreting these results, the age of the obligation should be remembered (see Table 2.2). The Decreasing debt pattern has the “oldest” period of maximum obligation. Consequently, there is probably most understating of reported wages for this debt pattern. The Increasing debt pattern is the “youngest,” and consequently the percentage of IRS collections from those without reported wages is probably most accurate for this debt pattern.

“Safety Net” Payments

Many Americans are covered by a social safety net system based on their work history. The work-related safety net benefits we are concerned with here are a significant source of child support payments in the DCS case load.

Two state-level programs are especially important. Unemployment benefits are administered by Employment Security, based on the worker’s reported wage history of covered employment. Benefits for workers injured on the job (workers’ compensation or “L&I”) are administered by Labor & Industries. These benefits are subject to withholding for child support.

DCS maintains ongoing data matches with Employment Security and with Labor & Industries. These automated processes collect child support without much effort on the SEO’s part. When wages stop and a PDN ceases to work because a worker is either laid off, fired, or injured at work, these benefits provide continuity in child support, though at a reduced level.

Child support payments obtained via these automated matches are easily tracked because of special payment type codes on SEMS (as are IRS offset payments). Both collection staff and researchers can tell when child support depends on these safety net benefits.

Unemployment compensation benefits are important in easing the impact of short-term business cycle fluctuations on workers and families. But such benefits are based on the worker’s length of employment and are limited in time. They cease after several months. Unless the worker finds new employment, the income is gone and, moreover, there is not a basis in covered employment for future benefits in case of another downturn.

By contrast, some federal-level safety net benefits are permanent. Once granted, they can be a source of child support payments for years. Unfortunately, DCS does not have an automated data match to find these sources.

At the federal level the most important examples are the Social Security system and the benefits administered by the Veterans Administration based on military service. Some children also receive safety net benefits based on their parents' work history through the Social Security Administration (SSA) or Veterans Administration (VA).

Collecting from sources such as SSA or VA requires SEO locate and collection work, and sometimes requires considerable initiative, effort, and time. Sometimes the NCP's children are eligible for disability dependent benefits based on the NCP's disability. Such benefits can be counted against the NCP's support obligation. In addition to finding out whether the NCP is receiving benefits, the SEO may need to investigate whether the children are receiving benefits. If they are not, the SEO might need to encourage the family to apply for available benefits. If benefits are being received, the SEO may need to correct the debt and stop additional withholds from taking excessive amounts from the NCP.

Once DCS has received these safety net payments, they are not easily tracked for research purposes, because they lack automated matches and distinctive payment type codes. The DCS cash processing system lacks special codes for these payment types. In fact, they are often coded as A3, which is the code used for payments from wage withholding. Consequently, a time-consuming search through the case record narrative, case comments, may be required to find out whether payments from SSA or VA are involved.

Table 8.4 looks at safety net payments as a source of child support. The coder reviewed the NCP's payment history screens for unemployment compensation and L&I payment type codes. To estimate the extent of other social safety net payments, the coder looked at narrative case comments. To make the task more manageable, she limited this review to the period from 1993 to the coding date. Consequently, this table provides more complete information on payments from ES and L&I than from other sources.

State-level benefits provided some child support payments for over one-third of the parents in each of three debt patterns. In fact, DCS collected some support from over 40 percent of NCPs in the Decreasing debt pattern via withholding from benefits. Most of these payments came from unemployment compensation. In contrast, less than 15 percent of NCPs in the No Change debt pattern paid child support via unemployment compensation or workers' compensation.

For reasons already explained, documentation of federal safety net payments is incomplete. But again NCPs in the Decreasing debt pattern show the largest incidence of child support payments via federal benefits, especially SSA. This includes both withholding from benefits and crediting of disability dependent benefits.

Table 8.4. Work-Related Safety Net Benefits as a Source of Child Support Payments

	<i>Debt Pattern of Noncustodial Parent (NCP)</i>			
	<i>Increasing</i>	<i>Decreasing</i>	<i>Intermittent</i>	<i>No Change</i>
NCPs with orders, excluding Initiating Interstate	151	165	169	136
<i>NCPs with some child support payments withheld from state-administered programs^a</i>	55	67	64	20
Percentage of NCPs	36.4 %	40.6 %	37.9 %	14.7 %
From Unemployment Compensation ^b	50	62	58	18
From workers' compensation (L&I) ^b	9	12	12	5
<i>NCPs with child support payments received from federal-level programs:^c</i>				
From Social Security disability and Veterans Administration benefits	5	25	3	4
Disability dependent benefits for NCP's children credited to the case	4	14	3	3
<i>Total NCPs with some child support from work-related safety net benefits documented in DCS case records^d</i>	59	85	65	23
Percentage of NCPs	39.1 %	51.5 %	38.5 %	16.9 %

^aWithout duplication (counting each NCP once, regardless of multiple sources of benefits).

^bBased on payment type documentation on SEMS throughout the case history. Some NCPs had payments from both unemployment compensation and L&I.

^cThe count of NCPs with SSA and VA withholds and disability dependent benefits is based on incomplete documentation entered in case comments from 1993 to the coding date.

^dWithout duplication. This should be seen as a minimum count. The tally is mainly based on NCPs with state-administered benefits because payments from federal-level benefits are poorly documented.

Work-related safety net benefits are an important resource for DCS. For individuals, they help stabilize payments through employment cycles and personal crises. For collection staff, the state-level safety net benefits have long served as an easy, automated source of payments. For the agency, they have a possible use as a tool to help estimate collection trends.

DCS should look more carefully at long-term safety net benefits, such as the federal-level ones discussed here. Given the significant proportion of low-income NCPs in the case load, it is important to think strategically about sources of child support outside current employment. DCS should develop payment type codes for these safety net benefits and improve documentation on SEMS of disabilities.

In the future payment source data could be used as part of the centralized locate-oriented research discussed in the conclusion to Chapter 7. Knowing whether the source of payment was VA benefits or a FIDM match can help the researcher build a better model to identify NCPs whose lack of reported wages may indicate hidden income.

When collection staff learn that an NCP has a disability, they need to be proactive in seeking such safety net resources and in making sure disability dependent benefits are given proper credit. As the discussion in Chapter 4 indicated, it is of course also important to check that orders are appropriate. Partial debt write-off may need to be considered as well.

9. Managing the Existing Debt

Summary

This chapter considers strategies for managing the existing debt. What avenues exist for managing uncollectible and unrealistic arrearages on existing cases? Modifications are prospective only. Federal law prohibits retroactive or retrospective modifications. We look first at the possibilities of case closure, relying on the statute of limitations, vacating orders, and writing off debt. After considering the options, we look at the impact these methods had in lowering the original obligations of the case assessment sample. Finally, we consider some possible next steps.

This study has identified a concentration of debt among a minority of NCPs whose child support orders were too high for their identified income. We have suggested strategies to minimize this problem in the future. But what avenues exist for managing uncollectible and unrealistic arrearages on existing cases? Modifications are prospective only. Federal law prohibits retroactive or retrospective modifications.

Basically, there are four alternatives. The first is simply to ignore the issue, which means that DCS will continue to expend staff and computer time on the case while accepting the negative impact of that debt in reports and on performance incentives. The second is to close the case without collecting the debt. The third is to let the statute of limitations operate to reduce the debt gradually. The fourth is to use some active means of correcting the debt. Here we will consider the case closure option briefly and then discuss the other alternatives for reducing the debt.

After considering the options, we will look at the impact of these methods on the case assessment sample. The cases and debt examined in this study already reflect the application of some interventions that altered the original obligation. For example, the Increasing debt pattern's debt was lowered by 10.6 percent from what it would otherwise have been.

Finally, we will consider some possible next steps.

Closing Unworkable Cases with Debt Remaining

Federal case closure criteria are very restrictive, especially where current public assistance and assigned arrears are involved. Nevertheless, IV-D agencies can close cases for a limited number of reasons when the case is not workable or the debt is not collectible.¹

¹ Case closure criteria are listed at 45 CFR 303.11.

Closing an unworkable or uncollectible case is useful to the agency on several grounds. First, case closure avoids the inefficiencies of requiring staff attention to the case with no result. It helps the agency concentrate staff and computer time where collections are possible. Second, such closure usually requires minimal staff time by comparison with actions aimed at correcting the debt. When the agency initiates the case closure process, it must provide 60 days notice to the CP (or initiating state), who can avoid closure by providing evidence that would make the case workable. But actions are usually not contested. The field office SEO simply completes the process. Third, the agency does not have to include those cases and their remaining debt in reporting. This is helpful from the point of view of federal performance incentives.

DCS has been very conservative about initiating case closure where debt remains. Even when a case technically meets closure criteria, DCS policy is to keep the case open if there is any perceived collection potential.

Nevertheless, closing a case does not “lose” the debt. Of course, the remaining child support debt is lost when a case is closed because the NCP died, there were not sufficient estate assets to pay off the child support debt, and the estate has been closed. But if DCS closes a case because of no success in locating the NCP after three years of diligent efforts, and the CP then contacts DCS with locate information and requests reopening, the debt will be revived and collection efforts will resume. Even without a request, DCS can reopen a case and revive the debt if new information becomes available.

From a practical standpoint, DCS-initiated case closure is a solution mainly for cases in two categories: (a) cases with no current support, debt under \$500, where the NCP has no resources; and (b) cases where again the NCP has no attachable assets *and* the NCP either has a medically verified permanent disability with no support potential, or will be institutionalized or incarcerated (without parole) during the child’s minority. Such cases are not likely ever to be reopened, and neither DCS nor the NCP is likely to confront the debt again.

But closure is not a real solution for the situations of NCPs with high debts because of orders set too high for limited income. Usually these cases will not meet case closure criteria. Even when they do, the NCP faces the possibility of case reopening with revival of the debt. Unless DCS modifies current support orders and takes steps to correct the existing debt, both DCS and the NCP may again be confronting debt too high to pay.

Statute of Limitations

The major advantage of the statute of limitations (SOL) is that it operates automatically. Other remedies require active staff intervention, often the attention and time of claims officers (staff attorneys). Here, as debt is lost to the SOL, DCS staff need only update debt calculations to correct the case record.

The current statute of limitations for child support debt on Washington orders is ten years after the youngest child named in the order emancipates (usually age 18). This

SOL applies to Washington orders entered beginning July 23, 1989, both court and administrative.

But different SOLs applied for earlier Washington orders. Court-ordered debt at one time had a six-year limitation from the date support was due and later a ten-year statute of limitations. Administrative orders went from a six-year limitation from the date debt was due to no statute of limitations at all for a number of years.

Practically speaking, the debt is collectible on most Washington orders entered since mid-1989 until the youngest child is 28 years old. But the case load contains much variety in operative statutes of limitations on debt. For foreign orders, UIFSA and Full Faith and Credit provisions allow the enforcing state to choose the longest SOL that applies—either the order state's or the enforcing state's. Some states have no statute of limitations on child support debt, and Washington now must enforce their orders.

Moreover, it has been DCS policy to seek waivers of the statute of limitations defense from NCPs as a condition of negotiating certain issues. The waiver became available to DCS staff after June 1980. It is used often enough to be maintained as a standard numbered form. Signing a waiver does not revive any debt lost to the SOL before the NCP signed.

DCS policy is to ask the NCP to sign a waiver to secure the amount of the debt if the NCP wants DCS to accept a proposed payment plan that puts the debt in jeopardy of being lost to the SOL now or in the future. For example, if lowering monthly arrears payments would extend the repayment period enough to risk losing some debt to the SOL, DCS requires the NCP to sign a waiver of the SOL. DCS also asks the NCP to sign the waiver in other negotiations where there is a reason to believe the debt would be in jeopardy of being lost to the SOL.

The present *SEO Handbook* also advises the SEO to consider seeking an extension of the SOL when amounts due prior to July 23, 1989, become subject to being lost to the SOL, depending on collection potential. "If your field office has a local agreement with the Prosecutor, you may seek a ten-year extension during the 90-day period before the debt or judgment expires."²

The waiver probably was a useful tool in an earlier time when the SOL was much shorter and when DCS had a smaller range of enforcement tools. The logic behind its use reflects that of the earlier child support program with its assumption that longer time periods and larger debts give DCS opportunity to collect more. This assumption sees the SOL simply as a limit on the opportunity to collect rather than as also a helpful tool in getting rid of bad debt.

As a negotiating tool, the waiver is a two-edged sword. The NCP signs it so that DCS will temporarily remove a lien that prevents him from getting a new mortgage. Or the

² *SEO Handbook*, section 9.075. Applying the Statute of Limitations (SOL). See also section 11.015. Negotiating with NCPs Who Have Hardship Issues and section 11.020. Negotiating with NCPs Enrolled in a Qualifying Job Training Program.

NCP signs a waiver as part of a negotiation to lift a license suspension. Or the NCP signs as part of an agreement to make partial child support payments while participating in job training. DCS signs in the hope of collecting more child support in the long run. The circumstances in which removing the SOL defense will matter are precisely those where the NCP is least likely to have the resources to pay.

The present Washington statute of limitations on child support debt is very long. At a minimum DCS can collect support until the youngest child is 28 years old, which includes ten years after current support ended simply as a catch-up period in which to collect arrears. If there were older children on the order, the collection period is even longer—for example, 40 years if the oldest child was 12 when the youngest was born. This is plenty of time. Many NCPs will spend their adult working life in the DCS case load, and some their retirement as well.

In general, child support debt will be minimal if orders are set and maintained properly according to income. Locate and collection tools are extensive, and capacity to detect hidden income continues to grow. Only where NCPs have multiple cases with partners and children in multiple households should DCS need the very long existing statute of limitation.

Where debt is increasing or has accumulated substantially, orders have often not been set or maintained properly. DCS should not seek a waiver of the SOL to extend the opportunity to collect on debts that resulted from questionable or inaccurate orders. When the order has years to run, vacating the order or modification with debt write-off might be undertaken to resolve problems decisively. But, especially for older cases with remaining arrears, such actions might not be cost effective. The statute of limitations is a useful aid to managing debt, and DCS should gracefully allow it to operate.

Correcting the Debt

We discuss two existing methods here (vacating the child support order on which the debt was based, and writing off debt), then suggest possible expansions.

Vacating the Child Support Order

Occasionally, the child support order itself can be vacated. This removes the old debt. Here a new child support order is entered, and a new debt is calculated. Given the large arrearages attributed to default orders, such an opportunity for revisiting old default administrative orders is potentially significant.

Parents have required hearing rights for administrative orders. Even if the parent does not make a timely hearing request (within 20 days of service of the notice), the parent has a year to make a late hearing request without showing good cause, although in the meantime the default order will be enforced. After that, the NCP can still request a late hearing on the notice with good cause.

If the NCP successfully proves good cause for not responding to the original notice on time or not contesting the order, he or she can petition for a late hearing or petition to vacate the defaulted order. This in turn provides the opportunity for a new order to be entered based on realistic income calculations.

Good cause (a substantial reason or legal justification for delay in responding) here includes mistake; inadvertence; excusable neglect; surprise; irregularity in obtaining an order; fraud, misrepresentation, or other misconduct of another party; and unavoidable casualty or misfortune that prevented a party from responding.³

In April 1999 DCS published an interim notice, CN-180, *Revisiting Default Orders that Set Support Obligations*.⁴ The notice remains in effect. CN-180 announced a policy change aimed at making it easier and faster for DCS to help a noncustodial parent get a hearing on the merits of a case when DCS knows the order is inaccurate. The CN gives SEOs (field office collection staff) the authority to stipulate to good cause—authority previously limited to claims officers.

CN-180's significance goes beyond this specific extension of authority to SEOs. It is notable for its general articulation to staff of a DCS policy of correcting inaccurate administrative orders and giving parties "every chance possible to obtain an accurate order." It acknowledges that some administrative orders are "based on unknown or inaccurate wage information" and states that collection prospects are improved by accurate orders. In the response to questions section, the CN points out that DCS has a greater ability to correct administrative orders than court orders, and states that DCS should be "proactive" in getting orders corrected.

CN-180 describes the case situations necessary for staff to consider stipulating to good cause. (1) The order is inaccurate (not appropriate for the parties' income when using the Washington State Child Support Schedule); *and* (2) the debt is based on a default administrative order where either the NCP did not object to the notice or did not appear at the hearing. In addition, either (3) the order was based on imputed income or (4) the order was entered when the NCP had limited ability to respond. In (3), the order was based on (a) imputed median net income; (b) Imputed income when the NCP was incarcerated, on an AFDC/TANF/ or GAU grant; or receiving SSI; (c) the grant amount; or (d) the need standard amount (based on the family's need). In (4), the following conditions are listed as limiting the NCP's ability to respond: (a) mental illness or incapacity; (b) limited ability to read the notice because of language limitations, illiteracy, or blindness; (c) developmental disability; (d) severe drug and/or alcohol abuse.

The CN provides this example of "excusable neglect":

³ These good cause reasons come from Civil Rule 60. The list is cited in the DCS notice discussed below, CN-180.

⁴ CN-180, *Revisiting Default Orders That Set Support Obligations*, issued April 26, 1999. A CN is an interim notice that DCS issues to staff to announce a change in policy and procedures before incorporating the changes into the regular staff handbook. (CN stands for "Canary Notice," a reference to the color of the paper on which the notice is printed.)

The NCP is an alcoholic. DCS served the NCP a *Notice and Finding of Financial Responsibility* [notice used to establish administrative order] while the NCP was on an alcohol and drug binge. Shortly after service, the NCP was arrested, incarcerated, and did not respond to [the notice]. The NCP has good cause for a late hearing on the notice.

The policy articulated here is very different from the narrowly legalistic opinion often encountered that “it’s the NCP’s own problem.”

DCS policy is to forward a request for hearing to the Office of Administrative Hearings when a petition is received whether or not DCS believes the party has good cause. But stipulation to good cause can simplify the NCP’s problem in getting a hearing to redo the order. DCS can stipulate to good cause on a default notice or default order in appropriate cases.

When there is agreement among the parties—NCP, CP, and DCS—on certain facts, DCS has a couple of options. When the parties stipulate to good cause and also agree on terms of a new order, DCS can enter an Agreed Settlement/Consent Order, with the necessary form (DSHS 09-279) drawn up by DCS staff, essentially resolving the issue in-house. Or DCS can send the case to an Administrative Law Judge (ALJ), stipulating to the agreed-upon facts. When the CP disputes good cause, stipulation is pointless, but DCS staff are instructed not to oppose the NCP’s motion to the ALJ to find good cause when the case meets the criteria listed above.

Even if the parties stipulate to good cause, the ALJ makes the final determination of good cause. Without a finding of good cause, the ALJ may treat the NCP’s petition for a late hearing or petition to vacate as a petition to modify instead. A modification would not remove the existing debt, but the NCP could then ask for a Conference Board to write off debt.

Writing Off Debt

DCS can and does write off debt on a case-by-case basis under certain circumstances. Within DCS, this responsibility is assigned to a dispute resolution process called a Conference Board.

A Conference Board is an informal meeting (not recorded) to determine facts and attempt to resolve grievances when an individual disagrees with DCS actions. A claims officer from DCS state office (not an Administrative Law Judge) hears and settles the issue. Conference Boards occur within each field office, handling requests from NCPs in their case load. Each consists of a claims officer who is the Conference Board chair and two consulting representatives from the field office.

The chairs are part of the Conference Board Unit within DCS state office. This small unit of claims officers consists of a manager and six conference board chairs. Presently they receive about 2,300 referrals a year. Writing off debt is only part of the responsibilities of Conference Boards. They hear complaints and respond to various requests—for example, to return intercepted IRS refunds, release collection actions or reduce the amount withheld. Each request must be reviewed on its merits and some are rejected. Writing off debt is by no means automatic.

To minimize costs and increase efficiency, Conference Board chairs have stopped almost all of their previous travel to field offices. Usually they participate in Conference Board proceedings by telephone conference call. Nevertheless, the demands remain high on a small unit who must consult with field office staff, negotiate with parents, research law, and write decisions.

In July 2000 DCS also implemented a policy of delegating some decision making authority to field offices on issues that formerly would have required the conference board process. Basically, this allows a designated claims officer in the field office who is outside the enforcement chain of command to sign off on some noncontroversial settlements. These include lump-sum settlements, writing off some debt, releasing collection actions, and returning intercepted IRS refunds. The regular conference board process is used when there is controversy, the basis for relief is not so clear, or one party complains. Of course, while relieving some of the burden on the state office unit, this delegation of authority can increase the work load for the field office.

Conference Boards have the legal authority to write off part or all of a child support debt for certain reasons *when the debt is permanently assigned to DSHS*. The debt may have accumulated either under a court order or an administrative order.

Conference Boards can write off debt on four grounds:

- Hardship to the paying parent or that parent's household;
- Settlement by compromise of disputed claims;
- Probable costs of collection in excess of the support debt;
- An error or legal defect that reduces the possibility of collection.⁵

In determining *hardship*, the basic guideline is whether the debt interferes with the NCP's ability to secure necessities or provide them to dependents. One recommended measure is whether paying the debt reduces available income below the present need standard for that family size. Another is whether the debt creates economic, medical, or severe marital stress. Staff are also told to consider whether the condition is likely to continue and whether there are low odds of collecting the total debt. However, the guidelines do not suggest simply writing off the debt. Rather, staff are told to "write off enough of the debt to alleviate the immediate hardship caused by owing the debt."

Staff guidelines suggest two situations when it may be appropriate to write off debt because of *error*. One circumstance is when a potential legal error or defect could limit DCS's ability to collect the debt. The second is of more interest to us here because of our findings on order setting. This situation is where the debt is based on a default support order, the order was not based on the parent's actual income, and "DCS or its agents knew or should have known actual income or earning ability before the order was final." "Failure to use available income information" then is itself a reason to write off DSHS debt. The example provided is a court order where DCS or the prosecutor

⁵ WAC 388-14A-6400. Our discussion here draws on WAC 388-14A-6400 through 6415 as well as CN-198, *Delegation of Decision Making/Conference Board Issues*, July 11, 2000. Instructions to staff are from CN-198.

“failed to use earnings information available to DCS,” even though this “does not mean DCS or prosecutor staff did anything wrong.”

In cases of error, the guidelines suggest writing off the part of the debt that exceeds the amount the parent would have owed without the error. A modification might also be needed to address current and future support.

Another permitted reason for writing off debt is when the costs of collection exceed the value of the debt. The guidelines suggest this is appropriate for “a long-term, no-asset, few-payments case on which we have attempted most remedies with little or no results.” The suggestion is to “write off the amount that is unlikely to be collected without excessive cost.”

In practice, DCS often uses debt write-off as part of a lump-sum settlement. DCS may calculate that the likely future cost of collection plus the lump sum amount offered is greater than the value of the full support debt. NCP payment history and earnings history may make it seem unlikely that DCS can collect the full debt. A reference chart helps staff calculate when the present value of a settlement equals or exceeds the value of the debt payments over the time necessary to collect the full debt. If only part of the debt is permanently assigned to DSHS, DCS may negotiate a settlement that pays off the debt owed to the CP or another state, and then write off part of the permanently assigned arrears.

This research study has identified large amounts of debt that are probably uncollectible. How useful is the Conference Board process as an avenue for correcting debt on a large number of cases?

Conference Boards have the authority to write off debt for reasons highly relevant to the uncollectible debt identified here. They can reach both court-ordered and administrative debt if it is permanently assigned to DSHS. Much of the debt examined in this study is permanently assigned, but this limitation will become increasingly important in the future.

Perhaps a more important limitation is that this is a quasi-judicial process. It is a response to an individual’s complaint. Lack of a complaint does not prove lack of a problem. The presence of a complaint does not mean it has merit. The process requires research into specific circumstances and a weighing of evidence. This is not a process for identifying all or most of the cases with a similar problem, finding a solution, and applying that solution to all relevant cases in a cost-effective, consistent manner.

No matter how the work is divided or the method simplified, writing off debt remains a process that requires the time and attention of a claims officer. It also is initiated by the NCP’s request, and response requires concentrated attention of staff to the individual circumstances of the case. Without a significant (severalfold) increase in the number of claims officers, it is difficult to see how DCS could implement any substantial expansion of efforts to correct the debt on individual cases.

Moreover, simply writing off existing debt on a case is of limited usefulness if the NCP has an ongoing current support order or combined monthly support orders too high

for income. Addressing this problem usually means a modification. Once again, we need concentrated staff attention, often a claims officer, and also a prosecutor if a court order is involved.

Impact of Debt Reduction on Obligations in the Sample

The case assessment study analyzed payments and debt remaining on open cases as of March 1, 2001. The longitudinal analysis looked at debt on open cases in the period 1993-1997. Although the case assessment sometimes referred to the sum of payments and remaining debt as the “obligation,” this sum could more accurately be described as the “reportable” or “visible obligation.” For most purposes this is what DCS and the NCP care about. What has the NCP paid, and how much debt is DCS still trying to collect from that NCP?

But there are questions we cannot address by looking only at the sum of payments and remaining debt on open cases. For example, the beginning of this chapter discussed options for managing the existing debt on cases, especially when the debt does not seem collectible. But the debt remaining on the case assessment sample had already been lowered by those methods. How much impact had those methods had on the sample cases?

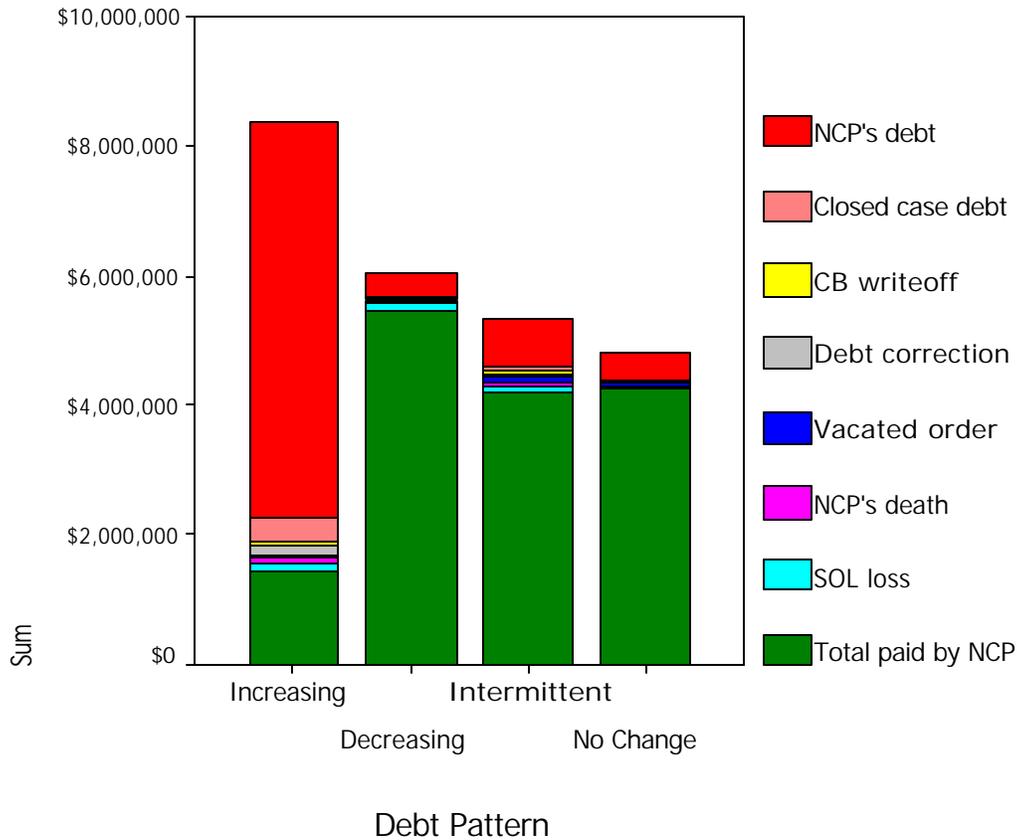
Under some circumstances DCS can initiate case closure while debt remains on the case. Often such cases can be reopened (for example, if DCS locates the NCP). If the case is reopened, the debt will reappear on the case, and DCS will again try to collect it. Here the NCP’s obligation did not end when the case was closed. The “visible obligation” was not the total obligation.

In the case assessment we found that NCPs in the Increasing debt pattern often had orders higher than their wages in the 15-quarter period. High orders led to high and increasing debt. But the total paid and remaining debt are not always the measure of the potential obligation created by the high order. If DCS conference boards have written off debt, that work is partially a correction of the obligation created by the high order.

Do debt patterns reflect the intervention of conference boards and other staff to correct the obligation? If so, was there more intervention for the Increasing debt pattern, or were the other debt patterns helped by more intervention to correct the debt? We already saw in earlier chapters that the Increasing debt pattern’s arrearage growth could not be attributed to poor field locate or collection work. But did inadequate case management play a role nevertheless by not intervening to reduce debt while other debt patterns benefited from more active intervention?

Figure 9.a looks at the visible obligations as well as the debt amounts removed by the methods discussed. The latter make up the narrow filling in the “sandwich” between the total paid and the NCP’s remaining debt.

Figure 9.a. Obligations, Corrections, Losses



The Increasing debt pattern has by far the biggest “sandwich filling.” It is the only pattern with enough debt on closed cases to be clearly visible in the figure. The debt on closed cases—that is, cases closed at DCS initiative because the cases were unworkable—is about as large as the debt corrected or lost due to other causes. In terms of debt losses and corrections the Intermittent debt pattern comes next, followed by the Decreasing. The No Change debt pattern shows the smallest debt corrections or losses.

The chart does not provide a complete account of the debt left on cases at closing. We have not included cases closed at the request of the CP or an initiating state. (Practically speaking, the debt is out of DCS’s control and responsibility when these cases are closed on request, although potentially some of these could be reopened on new requests and the debt restored.) However, the chart includes all debt owed to DSHS on closed cases.

Table 9.1 displays the same information as Figure 9.a, but with more detail. The item *Total payments, debts, corrections* near the bottom of the table is a better approximation of the original obligation created by the orders than is the sum of total paid and debt on open cases. (It is not a complete picture of the debt on closed cases, as explained in the previous paragraph.)

Table 9.1. Obligations, Corrections, Losses

	Debt Pattern of Noncustodial Parent (NCP)			
	Increasing	Decreasing	Intermittent	No Change
Total paid by 3/01/2001	\$ 1,417,305	\$ 5,442,774	\$ 4,196,468	\$ 4,270,027
Debt corrections, losses, and write-offs				
Lost to Statute of Limitations (SOL)	115,888	139,023	118,336	36,885
Lost at NCP's death and estate closure	100,388	11,171	34,109	1,065
Vacated order	59,586	29,551	92,347	12,727
Debt corrected (legal/judicial; parties reconciled; credit for residential change or direct payments)	122,955	52,113	24,810	33,846
Conf. Board write-offs (lump sum; low potential; hardship; error)	79,724	19,472	43,403	0
Case closure with debt remaining (often can be reopened) ^a	412,598	18,749	63,676	32,403
Debt on open cases as of 3/01/2001	6,041,711	360,550	719,642	401,852
Total payments, debts, corrections	\$ 8,350,155	\$ 6,073,403	\$ 5,292,791	\$ 4,788,805
Percentage of corrections, write-offs	5.7 %	4.1 %	5.9 %	1.8 %
Percentage of closed case debt	4.9 %	0.3 %	1.2 %	0.7 %

^aDebt on closed cases includes only cases where DCS initiated closure because the case was not workable. (Three years no locate; NCP permanently incarcerated or incapacitated; NCP in foreign country with legal impediments to collection.) Does not include cases closed at the request of the CP or initiating state or because of a nonassistance CP's failure to cooperate.

As we see from the percentages at the bottom, the Increasing debt pattern is the most affected by debt corrections, losses, and DCS-initiated case closure. Together these methods lowered the obligation by 10.6 percent. Nevertheless, the remaining debt is over \$6 million. Next came the Intermittent debt pattern, where debt corrections lowered the obligation by 5.9 percent and case closures contributed another 1.2 percent. The No Change debt pattern is the only one that is virtually untouched by debt corrections and DCS-initiated case closure. The Decreasing debt pattern (with the oldest obligations) had the highest amount lost to the statute of limitations.

Could DCS have reduced more debt on the cases in the sample? Probably. As we saw in Chapter 4, changing policies on income imputation could lower the proportion of orders too high for wages. If DCS applied the policies expressed in CN-180, more default administrative orders could be vacated or modified. Changing underlying assumptions can change policies, which in turn can lower debt.

Nevertheless, it seems most unlikely that the existing methods could make much impact on the Increasing debt pattern's mountain of debt.

Seeking More Solutions

Two of the three avenues for correcting debt discussed here depend on the NCP to initiate action. If the NCP requests a late hearing or asks for a conference board, DCS can react and, where appropriate, help to write off debt or get a new order entered. NCPs do not lack notice of their rights to hearings or conference boards. DCS forms—brochures, and establishment and collection notices—carefully and exhaustively inform NCPs of their rights and opportunities to respond. DCS provides translators when asked, and also regularly provides forms in languages other than English where requested. But NCPs frequently do not respond.

Where debt continues to accumulate, DCS might try experiments to elicit more response. For example, a field office might identify a group of NCPs by debt growth and lack of recent reported earnings, and contact them by phone or letter to tell them of possibilities. Or DCS might encourage more local experiments with an ex parte conference board process where staff initiate the process rather than waiting for the NCP. Or a more ambitious experiment would be to have field offices propose difficult cases for a detailed examination and review by a special state office review board. Again, these avenues help to address the problem of waiting for NCPs to request assistance. They do not avoid the problem of finding resources for intensive staff attention in a time of tight budgets.

A more promising avenue is to use debt actively as a resource for collecting current support. Here the basic idea is to design a program whereby debt is gradually written off if the NCP pays current support on time over an extended period. DCS would offer such an arrangement to NCPs with accumulated debt and irregular payment records. The NCP would have to provide a statement of financial resources, income tax records, and employment history. If the order was too high for actual income, DCS would negotiate a temporary lowering of monthly support while proceeding with a modification. DCS would also lower required monthly payments on arrears without requiring the NCP to sign a waiver of the statute of limitations. If the NCP made timely payments for a year, a specified percentage of debt would be written off, and the percentage would increase after a second and third year of timely payments.

Such a program still requires intensive staff attention, at least in the beginning. The advantage is that it can make use of SEOs for much of the work. Such a program can also be offered to NCPs without specific reasons for Conference Boards. NCPs with high judgments and other initial debt would be likely beneficiaries of such a program.

If interested in such a program, DCS should initiate it as a pilot project to experiment with negotiated write-offs in exchange for regular payments. Such an experiment should be developed and studied in an organized manner, rather than left to local staff initiative.

Even if it were legal or practicable, wholesale writing off of debt would be undesirable because of its potential impact on compliance. Inconsistency in applying rules generates its own problems.

For an experimental program, the emphasis needs to be on DCS's responsibility for collecting child support as due. Current support has priority. DCS could propose to test programs to see if debt write off will improve payment of support and will measure the results of experiments, using standard research methods.

Practical Limits

Both the longitudinal study and the case assessment have identified large amounts of child support debt as probably uncollectible. This review of methods available for managing debt makes it clear that DCS lacks practical and timely means for removing much of the uncollectible debt identified in this study.

Four factors provide practical limits:

- restrictions on the type of debt;
- limited capacity to correct court orders;
- limited staff (especially legal staff) and budget resources;
- narrow doorway for intervention, basically a response to NCP request through either a formal administrative hearing or an informal conference board process.

DCS has authority to write off permanently assigned DSHS arrears for four reasons that indeed seem broadly applicable. DCS can and does respond to NCP requests to write off debt. It should encourage NCPs to ask for relief where case review indicates hardship or that debt arose from inaccurate orders. Where DCS has the opportunity to address both an inaccurate monthly order and accompanying debt by getting a default administrative order vacated and redone, it should do so.

There is no shortage of DSHS debt, but much of it preceded welfare reform and the introduction of temporarily assigned arrears. As time goes on, families are getting a larger proportion of the payments collected, and the custodial parent will have rights to a growing share of the debt. For several years custodial parents (including those on TANF) have had full party status. In the future, custodial parents will have a more important presence as DCS attempts to correct orders and manage debt.

This review underlines the painful truth in the wry comment of a long-time child support professional:

“It’s easier not to accumulate uncollectible arrearages than it is to write them off.”⁶

The emphasis must be on preventing such problems in the future. Setting and maintaining accurate orders—orders based on actual income, taking into account significant barriers to collection within the case load—must be the highest priority.

⁶ Dianna Durham-McLoud, former president of the National Child Support Enforcement Association, *Child Support Quarterly*, Spring 2000, page 3.

10. The Challenges Ahead

This research project began as a study of child support arrearages and tracked debt growth back to a segment of the case load with inaccurate orders. The central finding of this study was that debt growth occurred mainly among low-income NCPs whose monthly order amount was too high for their reported wages.

The case assessment found that the ratio of monthly order amount to monthly gross wages was strongly related to debt patterns. On average, NCPs in the Increasing debt pattern had orders set higher than their wages. Moreover, on average their orders were the highest of any debt pattern while their wages were the lowest.

More generally, the longitudinal study showed that when the MOA exceeded 20 percent of reported gross wages, child support debt usually grew. The longitudinal study also found that for NCPs with monthly wages less than \$1,400, orders were on average set too high to prevent arrearage growth. On the other hand, as monthly income increased above \$1,400, the ratio of order to income gradually decreased, so that NCPs at higher income levels were expected to pay much smaller proportions of their income for their children's support.

Impact of Case Work (Locate, Collection) and Debt Management

For years the major emphasis of the IV-D program has been on improving locate and collection work. The assumption has been that if debt grew, either the tools or the individual support enforcement officer's efforts were inadequate. The case assessment looked at these issues intensively for the sample NCPs. For this study, our focus was on the relationship between debt patterns and case work. Had we found, for example, that the least locate effort was associated with the Increasing debt pattern, we might have concluded that poor staff work was an important factor. But we did not find that differential use of tools was a plausible explanation for these strikingly different debt patterns.

On the whole, DCS field staff appear to do focused and appropriate locate and collection work, concentrating efforts as needed. Without the extra effort devoted to the Increasing debt pattern, the debt would have been higher.

We also looked at debt management strategies. We looked at debt corrections, write-offs, DCS-initiated closure of cases as unworkable or uncollectible, as well as the operation of the statute of limitations. Did the Increasing debt pattern reflect poor debt management by comparison with the other debt patterns? No. In fact, the Increasing debt pattern showed much more use of writing off debt, closing uncollectible cases, and other devices than the other patterns. These methods had lowered the Increasing debt pattern's total obligation by 10.6 percent. Nevertheless, the remaining debt for this pattern totaled over \$6 million as of March 1, 2001. Corrections, write-offs, and

DCS-initiated case closures lowered the Intermittent pattern's total obligation by 7.1 percent. The other two debt patterns showed less usage of these methods.

Of course, locate, collection, and debt management continue to be important tasks requiring well-trained field staff. But by themselves, staff cannot fix the problems caused by inaccurate orders. Telling staff to work harder at locate and collection is not a viable solution. It is like bailing water out of a leaky basement without fixing the bad roof from which the water pours. Management must address the problems by changing policies and procedures.

Child Support Orders and Low-Income NCPs: A National Problem

Provisions of the Washington State Child Support Schedule contribute to the uneven ratios of monthly order amount to wages found in this study, including the inverse relationship between income level and proportion of income required in monthly support. The Schedule also permits orders to exceed monthly income in certain circumstances.

DCS may decide to seek revision of the Schedule. However, it would not be wise to wait for such a revision as the solution to the problem of orders too high for low-income NCPs. Debt will continue to grow in the meantime unless the problem is addressed aggressively.

The case assessment found that much debt growth results from practices adopted by DCS and affiliated prosecutors in order setting that are not actually required by the Schedule. Sometimes, strict application of the Schedule would result in lower orders. In particular, imputing income in ways or circumstances not required contributes unnecessarily to debt growth.

Moreover, the phenomenon of high orders for low-income NCPs is not limited to Washington State. This suggests that the particular provisions of the WSCSS are not the central problem. Recent studies from several jurisdictions have pointed to a more general problem with unrealistic expectations for low-income NCPs.

For example, this project's findings about the link between debt growth and orders set too high for low-income NCPs are similar to those of the California collectibility study conducted by Elaine Sorensen and associates at the Urban Institute.¹ Sorensen and associates had access to a much wider range of income data than was available for the Washington State study. Yet they found that the ratio of order amounts to income was much higher for low income NCPs, decreasing as income rose, and that for NCPs with annual income under \$5,000, orders were more than twice as high as income. The California study also found that some of the factors contributing to high orders were heavy reliance on default orders, seeking retroactive support for welfare cases, and the low rate of adjusting orders.

¹ Elaine Sorensen, Ph.D., et al., *Examining Child Support Arrears in California: The Collectibility Study*, prepared for the California Department of Child Support Services (Washington, D.C.: The Urban Institute, March 2003), Executive Summary.

Other recent studies of child support and low-income families have also emphasized the problem of orders too high for NCPs to pay and the counterproductive effect of order-setting practices.²

The challenge is indeed daunting. DCS must act to improve its performance and reduce debt growth. Yet the agency does not control the state's child support schedule—though it must enforce it. The agency must manage dual mandates of cost recovery and cost avoidance. It must manage a case load that is heavily low-income within a national IV-D program that lacks a viable framework for dealing with low-income NCPs.

Changing Focus

For a brief period in the 1980s, the IV-D program turned attention to the requirement of uniform state guidelines for support orders. Other than that, locate and collection work have been highest priorities. Nationally, the focus has been on getting more locate and collection tools for the IV-D program. Locally, the emphasis continues to be on the quality of field support enforcement workers' locate and collection work. The ethos of the agency has been to collect more, to preserve debt, and to keep cases open to preserve the possibility of collecting. Of course, the ethos has been reinforced by many legal requirements, both state and federal.

Yet the findings of this project indicate that priorities need to change. *The path to increased collections and lower debt lies through better orders.*

1. *Accurate orders set according to income must be the highest priority for the agency.*

DCS should make every effort to base the order on actual income of the parties. DCS should try to elicit the cooperation of the NCP in providing actual income by explaining the consequences of imputing income. Ways should be sought to decrease the proportion of default orders. DCS should adopt a narrower interpretation of the Schedule's provisions for imputing income.

2. *DCS should encourage prosecutors and DCS staff to set reasonable orders, not exceeding 20 percent of actual gross income, if possible.*

² For example, three studies done by DHHS, Office of Inspector General: *The Establishment of Child Support Orders for Low Income Noncustodial Parents*, OEI-05-99-00390 (July 2000); *State Policies Used to Establish Child Support Orders for Low Income Noncustodial Parents*, OEI-05099-00391 (July 2000); and *Child Support for Children on TANF*, OEI-05-99-00392 (February 2002). Although based on small samples, the researchers here had access to IRS tax returns, again more complete income information than available for the present study.

Two useful discussions of other studies are provided by Paul Legler, *Low-Income Fathers and Child Support: Starting Off on the Right Track*, prepared for Annie E. Casey Foundation (Denver: Policy Studies Inc., January 2003); and Paula Roberts, *An Ounce of Prevention and a Pound of Cure: Developing State Policy on the Payment of Child Support Arrears by Low Income Parents* (Washington, D.C.: Center for Law and Social Policy, May 2001).

DCS staff need to know that reasonable orders are more likely to be paid. Keeping orders below 20 percent where possible can increase the amount of support collected. Nevertheless, DCS should not violate clear requirements of the Schedule. Combined monthly order amounts probably cannot be kept below the 20 percent target for NCPs with multiple cases involving multiple parent partners.

3. *DCS should change the criteria used in review for modifications to make modifications easier.* Monitoring orders and keeping them current is a basic requirement for improving child support enforcement. If orders are too high, NCPs cannot pay current support, and debt grows. If orders are too low, families do not get as much support as they could. The modification process is precisely monitoring orders and keeping them current.

4. *DCS should reconsider the policy of setting high judgments and other initial debt, especially on paternity orders.* This policy reflects an old emphasis on cost recovery that can interfere with a higher priority of cost avoidance.

5. *DCS should develop a new strategy for cases where paternity is at issue.* At the time of the first paternity order, the agency should work with prosecutors, other agencies, and community partners to reach young, low-income men before they acquire multiple cases, multiple judgments, and default orders they cannot pay.

6. *DCS should recognize multiple orders and multiple cases as requiring active management and special staff attention.* DCS should develop with affiliated prosecutors some suggested best practices for coordinating orders. DCS should develop procedures for managing cases of NCPs with multiple orders so that orders are monitored and relationships between cases are taken into account.

7. *DCS should take full advantage of its administrative process by minimizing reliance on default orders and by using it as a flexible means to limit debt growth for low-income NCPs.* Adopting simple follow-up procedures after a notice is sent might result in more accurate orders and more willingness from NCPs to communicate with DCS.

8. *DCS should make use of existing avenues for managing, correcting, and writing off debt where appropriate.* Presently, however, the agency's ability to identify NCPs with growing uncollectible debt outstrips the capacity to correct the problems. Even if it were legal or practicable, wholesale writing off of debt would be undesirable because of its impact on compliance.

9. *DCS should design a pilot project to experiment with negotiated write-offs in exchange for long-term regular payments.* Such an experiment should be developed and studied in an organized manner, rather than left to local staff initiative.

While seeking ways to manage existing debt, the emphasis must nevertheless be on prevention. Setting and maintaining accurate orders—orders based on actual income, taking into account significant barriers to collection within the case load—must be the highest priority.

Recommendations for Federal Action

There are two particular issues where federal guidelines would be most helpful to state programs. Setting guidelines—or at least limits—would reduce controversy in managing interstate cases and would help reduce the difference in obligations for NCPs in different state jurisdictions.

- A uniform limit on the maximum order amount for NCPs with multiple cases involving multiple parent partners and children in separate households would help states handle a most difficult problem.

Even if a uniform regulation cannot be achieved, the federal administration could help by articulating policies.³

- A uniform statute of limitations on child support debt would reduce the inequities for NCPs and simplify the task of collection staff who must try to calculate debts.

³ Paul Legler (2003, pp. 13-14,51) recommended that Congress create a National Guidelines Commission to examine and make recommendations on state guidelines, including treatment of multiple families, as well as imputing income, retroactive support, and some other issues.

Appendix A1

Case Assessment Coding Decisions and Comments

Date Coded: __-__-____

Noncustodial Parent and DCS Collection Work

NCP identifiers for matching

1. Social Security Number __-__-____
2. BI number _____

Payment/Debt Patterns according to Model

3. Debt Pattern 1993-97 *[check one]*
 - __ Steadily increasing arrears
 - __ Steadily decreasing arrears
 - __ Intermittent
 - __ No change
4. __ Did the pattern change after this period? *[check mark means yes]*
[Trend must continue through present to be counted as "changed"]

Multiple cases

[Exclude non-IV-D cases. Also exclude the following IV-D cases: Paternity Establishment Only; NCP excluded as father; cases closed at SEO discretion within 90 days of opening.]

5. On how many IV-D cases is this individual listed as NCP? ____
6. How many different children are linked to IV-D cases where this individual is NCP? ____
7. How many different custodial parents are linked to IV-D cases where this individual is NCP? ____
8. On how many IV-D cases is this individual listed as CP? ____
9. How many additional children are linked to this individual as CP? _____
10. Maximum sum of monthly order amounts (SMOA) for this NCP \$_____ (Includes court-ordered sum-certain daycare; does not include spousal maintenance or alimony.)
11. Year when this SMOA began _____

12. Year this SMOA ended if different _____
(If through present, mark 2000 or 2001.)
13. Number of open cases at time of maximum SMOA _____

Collection Barriers

14. Did the NCP receive public assistance or SSI while DCS was working the case(s)? [*Check all that apply, from 1993 through the present.*]
- AFDC/TANF
 - GA-U, GA-X
 - Food stamps only
 - SSI
15. Corrections, arrests, etc. (*Check all that apply from 1993 to the present.*)
- NCP has a Department of Corrections (DOC) number
 - NCP incarcerated while DCS was working the case(s)
 - Case comments [*begin 1993*] refer to arrests, jail, prison, etc.
16. Is there evidence that the NCP had substance abuse problems while DCS was working the case? (*Check all that apply from 1993 to the present.*)
- NCP on GA-W grant.
 - Case comments [*begin 1993*].
17. Level A Good Cause?

Interstate

18. If there are interstate issues:
- IJ (Washington was Initiating)
 - RJ (Washington was Responding) (*Mark IJ if both IJ and RJ.*)
 - Neither, but the NCP was in another state
 - IJperiod (*when IJ for a period of time only*)

If IJ or IJperiod:

19. Date initiated ___-__-____
20. Date received any money. ___-__-____

Locate and Collection Efforts/Remedies

21. Which locate tools are documented for this NCP? [*Begin case comment review in 1993 and check all that apply*]
- ES/UC/IT IS
 - DOR/MLS
 - DOL (driver's license search done)
 - DOL/NWEP (vehicle/vessel search done)
 - SCOMIS/DISCIS

- S.O. Locate
- WICP/CSENet
- Credit Bureau
- DOC/FORS
- 18-013
- 18-002
- Telephone calls
- Other _____

22. Collection tools *[Check all that apply from 1993 to the present]*

- PDN/OWD
- Contempt referral
- Seizure (NWEF seizure process started or vehicle/vessel lien placed)
- County lien filed
- IRS certification
- Letter to NCP
- Telephone calls
- URESA/UIFSA
- License suspension (DSHS 09-851 sent)
- EFT
- Other _____

23. Did DCS agree to lower monthly payments on arrears? *[Check mark means yes]*
(From 1993 to present).

24. Were some payments received from IRS offsets? *[Check one]*
(From beginning of payments on Case History (CH) screen through present)

- All
- Some
- None

25. Were some payments received from the social safety net? *[Check all that apply]*
(Reviewed CH screen from beginning of payments to present. L&I and UC payment codes are recorded on the CH. Checked case comments from 1993 to present to see if the other types are documented (they do not have separate payment type codes.)

- SSA
- Veterans
- L&I
- Unemployment compensation
- Disability dependent benefits credited

Case Coding

26. Case (IV-D) number _____

27. Case type when first opened: _____

28. Case type on coding date: ____
(Used correct case type, not necessarily as shown on screen.)
29. Subro type on coding date: ____
(Used correct subro type, not necessarily as shown on screen.)
30. __ Has this case ever been closed and reopened? *(Check mark means yes)*
31. __ Order established?: *[Check mark means yes]*
[If no, skip to question 73 on case closure.]
32. If Washington was Responding Interstate (RJ), did other state set the MOA?
__ Yes
__ No
33. If RJ, total arrears when DCS received the case: \$_____
(Debt amount initially set on the Case Financial (CF) screen as owed to the other state, even if a Washington order.)
- [If other state set MOA, skip rest of case assessment to question 71.]*
34. If Initiating Interstate (IJ), was the MOA set by other state? (Marked "yes" only if DCS asked the other state to establish an order for us.)
__ Yes
__ No

Original order(s)

35. Same as order on D# _____.
[If same order as on another case already coded, enter that case number and skip to question 64.]
36. Number of original orders for case: ____
37. If court-ordered judgments:
- a. Child support arrears owed to Custodial Parent: \$_____
 - b. Child support arrears owed to DSHS: \$_____
 - c. Child support arrears owed to another state: \$_____.
 - d. Paternity/medical subro (not IV-D debt): \$_____
38. Administrative arrears at establishment: \$_____
- a. Child support arrears owed to Custodial Parent: \$_____
 - b. Child support arrears owed to DSHS: \$_____

- c. Arrears owed to another state: \$_____
39. Was original order reviewed (did coder review copy of order)?
[check means yes]
40. Basis for setting the first original order amount: *[check one]*
(If there was more than one original order, this question refers to the first order established chronologically.)
- Actual income
 - % of net
 - Imputed from ES or employer
 - Imputed median net income
 - Imputed need standard
 - Imputed grant standard
 - Imputed minimum wage
 - Imputed earning capacity
 - Public assistance expended
 - Other state
 - Other _____
 - Can't tell
41. Is this a paternity order?: *[Check mark means yes]*
42. If yes, blood test done? *[check one]*
- Yes
 - No
 - Can't tell
43. Default paternity order? *[check one]*
- Yes
 - No
 - Can't tell
44. Was the case referred out of state for paternity establishment?
[check mark means yes]
45. If additional original order (*second order established chronologically*), basis for setting amount: *[check one]*
- Actual income
 - % of net
 - Imputed from ES or employer
 - Imputed median net income
 - Imputed need standard
 - Imputed grant standard
 - Imputed minimum wage
 - Imputed earning capacity
 - Public assistance expended
 - Other state
 - Other _____

- Can't tell
46. Is this a paternity order?: *[Check mark means yes]*
47. If yes, blood test done? *[check one]*
- Yes
 - No
 - Can't tell
48. Default paternity order? *[check one]*
- Yes
 - No
 - Can't tell
49. Was the case referred out of state for paternity establishment?
[Check mark means yes]
50. If third original order, basis for setting amount: *[check one]*
- Actual income
 - % of net
 - Imputed from ES or employer
 - Imputed median net income
 - Imputed need standard
 - Imputed grant standard
 - Imputed minimum wage
 - Imputed earning capacity
 - Public assistance expended
 - Other state
 - Other _____
 - Can't tell
51. Is this a paternity order?:*[check mark means yes]*
52. If yes, blood test done? *[check one]*
- Yes
 - No
 - Can't tell
53. Default paternity order? *[check one]*
- Yes
 - No
 - Can't tell
54. Was the case referred out of state for paternity establishment?
[check mark means yes]
55. If fourth original order, basis for setting amount: *[check one]*
- Actual income
 - % of net
 - Imputed from ES or employer

- Imputed median net income
- Imputed need standard
- Imputed grant standard
- Imputed minimum wage
- Imputed earning capacity
- Public assistance expended
- Other state
- Other _____
- Can't tell

56. Is this a paternity order?: *[check mark means yes]*

57. If yes, blood test done? *[check one]*

- Yes
- No
- Can't tell

58. Default paternity order?

- Yes
- No
- Can't tell

59. Was the case referred out of state for paternity establishment?
[check mark means yes]

60. At the time an order was entered: *[Check all that apply]*

- Was the NCP on public assistance?
- Was the NCP on SSI or other disability-related program?
- Was the NCP incarcerated?
- Did DCS know about this at time of order establishment?

Modifications

61. How many times was this case modified? ____

62. Who requested the first modification:

- Custodial Parent
- Noncustodial Parent
- State
- Can't tell

63. Direction of first modification?

- Downward
- Upward

Statute of Limitations Issues on Case

(Includes IV-D debts only; not pat/med subro debt loss.)

64. Was debt calc done for SOL? *[check mark means yes]*

65. Amount lost from SOL. \$ _____
66. ___ Did the NCP sign a waiver of the SOL? *[check mark means yes]*
67. ___ No SOL applies because of administrative order's date.
[Check mark means no SOL applies.]
68. ___ No loss to SOL because of other state's law.
[Check mark means no loss to SOL]

Debt loss and adjustments

69. If DCS adjusted some IV-D debt on the case (other than for SOL), *check all of the following reasons and circumstances that apply:*
- ___ Death of a party to case
 - ___ Vacated order
 - ___ NCP and CP reconciled
 - ___ Legislative change or judicial decision
 - ___ CP gave additional credit
 - ___ Conference Board
 - ___ Hardship
 - ___ Lump sum settlement
 - ___ Error or legal defect makes full collection unlikely
 - ___ Low collection potential considering costs to agency
 - ___ Credit for residential change or direct payments

70. Amount reduced under question 69 \$ _____
71. ___ Has current support (CFS) ended? *[check mark means yes]*
72. If so, date ended: ___-___-____.

If case is closed *[Answer only if case is closed at time of coding]*

73. Last closure date. ___-___-____.
74. Last closure code: ____.
75. Case comment (SEO's) reason for closing case. _____.
76. Total paid to Custodial Parent: \$ _____
(Includes dollars sent to IJ.)
77. Total paid to DSHS: \$ _____.
(Includes foster care dollars paid.)
78. DSHS arrears remaining: \$ _____.
(Includes foster care dollars left owing. Does not include any debt owed to another state left on screens under "DSHS arrears.")

Appendix A2

Determining the Composition and Collectibility of Child Support Arrearages

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