

# Chapter 1

## Introduction

Supporting single-parent families through welfare has long been unpopular.<sup>1</sup> Some policymakers have been particularly concerned that the public was providing economic support in the place of an “absent” father who was presumed to be shirking his duty. Thus, much of the early impetus for child support reforms grew out of desires to require fathers to provide for their economically vulnerable children. Increased child support might enable single mothers to stay off welfare, or at least might offset some costs for those families that did receive public support.

This history helps explain the long-standing policy of retaining child support paid on behalf of resident-parent families who received assistance from the cash program for poor single parents, Aid to Families with Dependent Children (AFDC). Any child support paid was used to defray government costs associated with AFDC, rather than to increase the resources available to families. But it is clear that under this policy regime, a nonresident father<sup>2</sup> had little incentive to pay support formally, since his children did not benefit. Similarly, a resident mother had little incentive to cooperate with the child support system, at least in the short term. If she cooperated, and the child support system established paternity, established a child support order, and collected support, she and her children would be no better off financially unless she were able to leave welfare.

The CSDE includes experimental and nonexperimental components. A previous report presented results from the experimental evaluation for the first cohort of cases. This three-volume report includes results from the nonexperimental analyses.

- This volume summarizes and compares the experimental evaluation and three quantitative nonexperimental studies.
- Volume II reports on fathers of children in W-2 families, and features findings from an ethnographic study.
- Volume III includes the full quantitative nonexperimental studies summarized in Volume I.

The disincentives to cooperation with child support enforcement efforts and to paying child support through the formal system were recognized. Some argued that child support should be *passed through* to families as a separate check so that mothers would have better information about child support paid, even if payments resulted in dollar-for-dollar reductions in cash welfare. Other proposals focused on passing through and *disregarding* a portion of child support in the calculation of welfare benefits, so that child support payments might increase the income available to families on welfare. As early as 1976, U.S. policy was to pass through to the family the first \$50 per month collected in child support and to disregard this amount in the calculation of AFDC benefits.<sup>3</sup> Any amount paid over the \$50 was to be divided between the state and federal governments. However, the provision was not universally implemented, and clarifications were made in 1984 requiring the \$50 per month disregard in each state.

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<sup>1</sup>This volume summarizes and compares the results of the CSDE Phase I Evaluation, and the findings of the quantitative nonexperimental background papers included in Volume III of this report. In addition to gratefully acknowledging the many colleagues who contributed to the research summarized here, the authors thank Jan Blakeslee, Dawn Duren and Elizabeth Evanson for their assistance in preparing this volume.

<sup>2</sup>In some cases the father is the resident parent. However, because resident mothers are by far more common, in this report we use “mother” (“father”) and “resident parent” (“nonresident parent”) interchangeably.

<sup>3</sup>This is according to 42 USCA s.657.

In addition, in a few states an additional amount of child support was disregarded in the benefit calculation to “fill the gap” between the welfare benefit level and the welfare needs standard. In the early 1990s, state requests to change the amount of disregard and pass-through were among the growing number of requests for waivers from national welfare policy.

National policy changed again in 1996, when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) eliminated the AFDC program and gave states wide latitude in designing a replacement program, Temporary Assistance for Needy Families (TANF). PRWORA also gave states substantial flexibility in setting child support pass-through and disregard policy. However, a federal waiver was necessary to extend or expand the pass-through unless a state was willing to reimburse the federal government for the federal portion of the disregard. In 1997, the state of Wisconsin received a waiver from federal rules to initiate a bold policy change, passing through the entire amount of child support to the resident parent and disregarding all child support in calculating TANF cash benefits. Because of the importance of this policy change, an evaluation was commissioned, the Child Support Demonstration Evaluation (CSDE). The key component of the CSDE is a random-assignment experimental evaluation: while most parents in the state receive the full amount of child support paid on their behalf (the experimental group), a randomly selected group of parents (the control group) receives only a portion of what is paid.

The experimental evaluation of the Wisconsin child support policy change is unusual. Currently most states are engaging only in nonexperimental evaluations of TANF-related policy changes. Given the focus on nonexperimental evaluations, a fuller understanding of the sensitivity of conclusions to evaluation approaches is particularly important. The experimental evaluation of the Wisconsin child support demonstration provides not only a context for analyzing that policy, but also a potential case study for the use of experimental and nonexperimental methods. Results from the experimental evaluation, including an implementation analysis and a diversion analysis, can be found in Meyer and Cancian (2001). This report contains three new nonexperimental analyses that provide additional information on whether pass-through policy affects formal child support payments and orders and paternity establishment rates. We also compare these results to the experimental findings.

In the remainder of this chapter, we provide a brief overview of how experimental and nonexperimental evaluations could be used, highlighting some of the conceptual advantages and disadvantages of each approach as applied to child support pass-through and disregard policy. As do several other recent writings in this area (e.g., Moffitt and Ver Ploeg, 2001; Riccio and Bloom, 2001), we conclude that because the two types of evaluations have different strengths, a combination of experimental and nonexperimental approaches provides the best approach to understanding effects.

The basic idea behind an evaluation of a policy’s effects is to compare outcomes for those subject to a particular policy with the expected outcomes in the absence of the policy (the “counterfactual”). It is difficult to determine expected outcomes in the absence of the policy. One method commonly accepted as the ideal approach is to randomly assign participants to two (or more) policy regimes. If the assignment of individuals to the two groups is really random, then the groups should be equivalent on every dimension except for the policy difference. A simple comparison between the groups on a particular outcome will then give an unbiased estimate of the policy’s effect. The strength of this approach is the high degree of confidence that any observed difference between the groups is due to the policy.

A random-assignment experimental design is the primary method of evaluation employed by the CSDE. At the time of the first transition from AFDC to W-2 (Wisconsin Works, the state’s TANF program), those receiving AFDC were randomly assigned to be part of either the experimental group

(who would receive all child support paid on their behalf) or the control group (who would receive only up to \$50 per month or 41 percent of what was paid, whichever was greater). All those who requested information about W-2 over the next several months were also randomly assigned. A simple comparison of the experimental and control groups should then lead to an unbiased estimate of the effects of a full pass-through/disregard, as compared to the control group (the \$50/41 percent group).

Experimental evaluations have a number of limitations, however. A key limitation is that although an experimental design is powerful, it provides information only on the comparison of the policy regimes actually tested; it tells us little about the effects of other potential policies. Moreover, we gain little information from the experimental evaluation about potential effects on individuals facing circumstances unlike those faced by participants in the experiment—for example, people in other locations or facing a different set of complementary policies. Currently, most states retain all child support, and in those that disregard some amount, the typical amount is \$50 per month. Thus the experimental design, which compares a full pass-through/disregard with a pass-through/disregard of the greater of \$50 or 41 percent, cannot provide information on the effect of a full pass-through/disregard compared to full retention or compared to a straight \$50 per month pass-through/disregard. Thus nonexperimental approaches are needed to explore potential effects of pass-through and disregard policy more generally.

In addition to these limitations, experimental designs may sometimes provide a biased measure of a policy's effects. For example, some policies are designed to bring about substantial, systemwide changes. Implementing this type of policy in an experimental design will either limit the extent to which the policy causes changes (because it has not been able to have its full impact, given that a control group is not subject to the policy), or create problems because the effects on the system as a whole will then affect the control group as well. Another potential problem is that experimental designs are generally not well suited to capture “entry” effects, that is, whether the policy affects the number or kinds of people who apply for a program, or the timing of their application.

These problems increase the importance of nonexperimental designs. These designs attempt to assess what would have happened in the absence of a policy in a different way, primarily by using different comparison groups. For example, researchers may compare outcomes among residents of states or counties with different policies, attempting to control for enough other factors so that differences in outcomes may be attributed to policy differences. If there were many regimes in place in many counties, the county-by-county variation may enable the researcher to estimate the effects of policies that differ across these units. This design may then enable the researcher to draw conclusions about a variety of different policy options (in contrast to the relatively simple comparison of most experimental designs), but it has some obvious limitations. Foremost among these is the possibility that the groups differ along other dimension not accounted for in the analysis, leading to an erroneous attribution of differences in outcomes to differences in policy.

In considering child support pass-through and disregard policies, then, a nonexperimental component could compare results among individuals in states that have different pass-through and disregard policies, and could also compare results within the same state but at points in time when different policies were in place. As noted, this would in theory enable us to estimate the effects of any pass-through/disregard policy in place (no disregard, up to \$50 per month, other policies). Two of the nonexperimental analyses we describe below follow this approach. We also use a third approach, comparing outcomes among individuals who face different policies during different periods of their lives. The key limitation to all these analyses is the possibility that even after one controls for other relevant factors, the groups facing different regimes are different in ways other than just the pass-through/disregard policy being examined.

The approach we have taken is to conduct both experimental and nonexperimental analyses. Our goal in this report is to summarize selected results from the experimental evaluation and three nonexperimental studies in order to compare the results across studies and approaches and to begin to draw conclusions regarding the role of pass-through and disregard and related policy. Chapter 2 of this report provides a summary of the experimental evaluation, which was reported in substantially more detail in Meyer and Cancian (2001). In Chapter 3 we summarize the three nonexperimental analyses, presenting information on the approach, the data used, and the key findings of each. (The full texts of these analyses are in Volume III.) Explicit comparisons of the results are in Chapter 4, and we close in Chapter 5 with a discussion of the implications for child support policy and for future evaluation efforts.