

## Chapter 4

# Comparing the Experimental and Nonexperimental Studies

The experimental evaluation and the three nonexperimental studies all provide different information on potential effects of a full pass-through/disregard. The key data and methods used in these studies are summarized in Table 1. The studies evaluate the impact of pass-through and disregard policy using different counterfactuals. In the case of the CSDE experimental evaluation, outcomes are compared for those receiving a partial disregard (the greater of \$50 per month or 41 percent) and a full disregard. The nonexperimental studies using OCSE and CPS data rely on cross-state and over-time variation in disregard policy, including primarily states and years with no disregard, those with a \$50 per month disregard, and those with a disregard greater than \$50 per month. The final study, using the WCRD, considers a different type of variation—changes in the policy regime faced by an individual family as the custodial parent moves on and off AFDC. In addition to the different counterfactuals, there is also substantial variation in the type of data, unit of analysis, locations, and time periods covered.

Despite this variation, it is possible to conduct a rough comparison of the results for similar outcomes. Before reviewing the results, we note that in considering the impact of pass-through or disregard policy it is particularly important to distinguish impacts on the amount of child support paid and received. If a pass-through is properly administered it should have a *mechanical* impact on amount of child support received (and, in the case of a change from a zero pass-through, on receipt of any support). That is to say, even if the amount of child support paid does not change, an increase in the pass-through/disregard should, by definition, increase the amount of child support received for families on whose behalf any support is being paid. In contrast to this mechanical effect, measures of changes in the amount of child support paid should capture behavioral changes. With this distinction in mind, Table 2 summarizes the key outcomes that can be compared across the experimental and nonexperimental studies: paying or receiving any child support, the amount of child support paid, and rates of paternity establishment.

An increased pass-through/disregard is expected to increase the incentive for fathers to pay formal child support. The first row under outcomes in Table 2 summarizes the results of the three studies that assessed this outcome in the context of three different counterfactuals. The CSDE experimental evaluation suggests that a full pass-through/disregard, when compared with a partial pass-through/disregard, results in small but significant increases in the proportion of fathers who pay any child support. The analysis of OCSE data also points to a positive relationship between disregard levels and the proportion making some payment in the year. The final analysis of this outcome, which uses Wisconsin court record data to assess the relationship between AFDC transitions, consequent changes in pass-through/disregard status, and payments, finds no relationship. As discussed in detail in Volume III, Chapter 3, the lack of observable effects in the WCRD analysis may be due to coincident countervailing changes associated with AFDC transitions, or to data limitations.

Consistent with the increase in those paying support, Table 2 shows that the CSDE experimental evaluation found an increase in those receiving child support. We note that even those in the reduced disregard group received at least the first \$50 per month, and so the increased proportion receiving any support is not due to a purely mechanical effect. A more generous disregard is also associated with

**TABLE 1**  
**Data and Methods**

	CSDE Experimental	OCSE	CPS	WCRD
Nature of variation/ counterfactual	Experimental group received 100% pass-through, control group received the greater of \$50 or 41%	Across states and time	Across states and time	Across time and policy regimes; variation in policy regimes related to individual welfare transitions
Source	Wisconsin administrative data on W-2 and child support; survey of W-2 families	Annual state reports to federal Office of Child Support Enforcement	Annual March Current Population Survey data	Wisconsin Court Record Data
Years	1998–1999	1985–1998	1984–1999	1980–1993
Level	Individual	State	Individual	Individual
Key outcome variables	<ul style="list-style-type: none"> <li>• Percentage of fathers paying/ mother receiving child support</li> <li>• Average amount of child support paid/received</li> <li>• Paternity establishment</li> </ul>	<ul style="list-style-type: none"> <li>• Ratio of paternitys established to size of AFDC/TANF caseload</li> <li>• Ratio of AFDC/TANF cases with collections to number of such cases</li> <li>• Average child support collection for AFDC/TANF cases among cases with collections</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt of child support in prior year (yes/no)</li> </ul>	<ul style="list-style-type: none"> <li>• Transition from nonpayment to payment of child support after leaving AFDC, among nonpayers</li> <li>• Transition from payment to nonpayment after entering AFDC, among payers</li> </ul>

**TABLE 2**  
**Results: Impact of Higher Disregard on Child Support Outcomes**

	CSDE	OCSE	CPS	WCRD
Nature of variation or counterfactual:	Experimental group received 100% pass-through, control group received the greater of \$50 or 41%	Across states and time	Across states and time	Across time and policy regimes; variation in individual policy regimes related to individual transitions
Outcomes:				
Any child support paid	+	+		No effect
Any child support received	+		+	
Amount of child support paid	+ (1999 only)	no effect		
Amount of child support received	+			
Paternity establishment	+ (1998 only)	+		

+ The disregard or pass-through was associated with a positive and statistically significant effect on the outcome.

increased receipt of child support when we analyze state and time variation in disregard policy using national data on individuals from the CPS.<sup>10</sup>

The CSDE experimental evaluation also analyzed the impact of an increased pass-through/disregard on the *amount* of child support paid and received. The amounts were higher for the full pass-through group, although the difference in the amount of child support paid was statistically significant in only one of the two years. The only nonexperimental study to consider the amount of child support paid or received was the study of state OCSE data. In that study, no impact on the amount of child support paid was found. However, we note that the measure available from the OCSE data is the amount of child support paid conditional on paying any support. Since a higher disregard is associated with a greater proportion of nonresident parents paying support, it may be that lower payors are overrepresented among those entering the system.

Generally, before formal child support can be collected, paternity and a child support order must be established. An increased pass-through/disregard is expected to increase the incentive for both parents to cooperate in the establishment of paternity and a child support order. We are able to test the impact on paternity establishment in two studies, the CSDE experimental evaluation and the nonexperimental analysis of state data from the OCSE. The CSDE results suggest that paternity establishment proceeds more quickly for children eligible for the full pass-through—paternity is more likely to be established by the end of 1998, but rates for the partial pass-through group catch up by the end of 1999. For some key subgroups, including those who were new to the welfare system, there is some evidence of more persistent effects. Analysis of state OCSE data suggests that a higher pass-through is associated with higher paternity establishment rates. Given the reliance on state-level data and aggregate caseloads, and the limits of the measure (total paternities established in a year as a fraction of the total caseload), the OCSE analysis does not assess the issue of persistence.

Taken as a whole, the results summarized here support the conclusion that increasing the pass-through/disregard will increase the payment and the receipt of child support. The confirmation of the results from the CSDE experiment in nonexperimental studies relying on national data is encouraging. While the CSDE experimental results also suggest increases in amounts of child support paid, the study of OCSE data, the sole nonexperimental study to address these outcomes, finds no effect. Finally, the CSDE experiment suggests that paternity establishment proceeds more quickly for children eligible for a full pass-through, although the difference in paternity rates disappears after the first year. The nonexperimental analysis also suggests a positive relationship between pass-through levels and paternity establishment.

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<sup>10</sup>This result is not robust to the exclusion of states with a zero disregard. Perhaps this is because there is no longer enough variation in disregard levels once we eliminate the no-disregard periods. Or perhaps the original results are being driven by the mechanical effect, that individuals in states with no disregard receive nothing.

## **Chapter 5**

### **Implications for Research and Policy**

#### **Implications for Research and Future Evaluations**

The nonexperimental components of the CSDE permit the evaluation of additional questions not addressed by the experimental evaluation. The experimental evaluation focuses on a comparison of the effects of two alternative policy regimes; the nonexperimental components enable us to look beyond these two regimes to consider a broader set of pass-through/disregard policies. Combining the approaches has also increased our confidence in the potential importance of pass-through and disregard policy in general and has increased our confidence that these policies affect payments as well as receipts. We believe that our results illustrate the importance of the recommendations of the recent National Research Council report (Moffitt and Ver Ploeg, 2001) that future evaluations consider combining experimental and nonexperimental analyses.

However, the ability to conduct nonexperimental analyses that rely on cross-state, over-time variation in state policies is dependent on accessible data on state policies in effect during different periods. Several organizations are currently committed to documenting the policies in place in each state. Our research highlights the importance of this effort, but also emphasizes its difficulty, as information is needed on historical policies, on actual implementation, and on other policies that potentially affect this population. For example, some of our analyses required historical information on the child support policies in place in each state from the 1970s forward, which proved difficult to compile. Moreover, a review of the history of pass-through and disregard legislation revealed that states were supposed to implement a \$50 pass-through/disregard in the late 1970s, but the legislation had to be clarified in 1984 because it had not been universally implemented. This suggests that efforts to document current policy should include not only the stated policy, but also any available measures of implementation. Finally, while we were interested in pass-through and disregard policy and could gather this information in fairly targeted interviews with state child support officials, we also wanted to control for the existence (and implementation) of other policies that could affect child support payments, which could not be easily gathered in these interviews.

Documenting the policies in place will increase the ability of evaluators to conduct cross-state nonexperimental studies. But cross-state studies would also be facilitated by the availability of identical (or similar) outcome measures across states. In constructing the Surveys of Wisconsin Works Families for the experimental evaluation, we reviewed other survey instruments (state-sponsored studies of welfare leavers, national surveys) and tried to use identical (or similar) questions when possible. Other researchers follow the same practice. But there is no complete central repository of these instruments, nor is there an available standard set of comments from the research teams that designed them as to the effectiveness of questions. Moreover, several studies are using administrative records and, as far as we know, there is as yet no successful effort to centralize information on coverage or accuracy that could facilitate cross-state studies. Recent efforts of the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, to coordinate the welfare leavers studies could be expanded to include other studies of low-income families.

Information for the Child Support Demonstration Evaluation included administrative records, surveys of parents and workers, and field observations. The implementation evaluation was important in shaping our understanding of the policy context and helped shape the design of our survey and subsequent analysis. Initial field observation suggested that the child support policy change may not have been clearly understood by workers and clients in the midst of the substantial welfare reform effort. In

fact, the survey results suggested that relatively few mothers and fathers understood the policy rules they faced. Obviously, effects on behavior will be weakened if policy changes are not understood. We believe participant knowledge, and the effects of knowledge, are critical areas for further study.

Survey and administrative data document nonpayment of child support among fathers of children receiving W-2. Yet the information we gathered in this part of the study does not provide an in-depth understanding of *why* these fathers are not paying. An ethnographic study of these fathers, which will increase our understanding substantially, will be released shortly. The qualitative data will add depth to our understanding of individual lives, and it already has added to the accuracy of the quantitative data collected.<sup>11</sup> We believe the combination of quantitative and qualitative analyses has improved the quality of this evaluation, and we recommend this approach to others.

### Implications for Policy

The Child Support Demonstration Evaluation was designed to evaluate the impact of a new approach to child support, which was adopted within the context of a new approach to welfare. The research aimed to evaluate the direct effects of the new policy on child support payments and receipts and a wide range of potential secondary effects. The results of the experimental evaluation presented here demonstrate that Wisconsin's full pass-through has been able to increase child support amounts received among an economically vulnerable population, to increase child support collections, and to have a variety of other positive effects. These benefits have come at little cost to government.

Although some factors might lead the experimental estimates to overstate potential policy effects, we expect that the effects of a full-pass-through and disregard policy in another state would be larger than those reported here. Indeed, in many ways it is striking that we do find evidence of substantial effects, given the implementation problems, the lack of a large difference in the policies faced by the experimental and control groups, the speed with which mothers are moving off W-2, and the relative socioeconomic disadvantage of W-2 participants.

Nonexperimental analyses generally confirm that a more generous pass-through and disregard policy has beneficial effects. These analyses show that higher levels of disregards have an expected direct result, increases in child support received. On balance, these analyses also show that increased levels of the disregard are associated with increases in the likelihood of child support being paid and paternity being established.

In most states TANF participants do not receive any of the child support paid on behalf of their children. This no-pass-through, no-disregard policy generates revenue to offset public assistance and child support enforcement costs in the short run. Our results suggest, however, potentially detrimental effects of this policy on developing child support as a long-run income source for single mothers and their children. Given the time-limited nature of cash assistance, the benefits to government of retaining child support are also quite limited. In contrast, the benefits to children of establishing paternity and

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<sup>11</sup>For example, we changed our survey instrument in response to initial findings from the ethnographic interviews. In an attempt to discover whether fathers understood the child support rules they faced, our initial draft survey instrument asked fathers whether their ex-partners received all the child support they paid. In asking similar questions in the ethnographic study, we discovered that some fathers (correctly) believed that their ex-partners received all the child support they paid, but (incorrectly) believed that the W-2 check was then lowered dollar-for-dollar, leading to no increase in total income. This discovery led us to add an additional question to the survey, increasing the accuracy of our measures of fathers' policy knowledge.

setting a pattern of child support payments are potentially more enduring. In the current context it is increasingly important that the child support enforcement system evolve from a focus on government cost recovery to a focus on increasing family self-sufficiency.

Our results suggest the importance of federal initiatives to encourage states to adopt more generous pass-throughs and disregards of child support. The House of Representatives of the 106th Congress overwhelmingly passed the Child Support Distribution Act of 2000, which included incentives for states to pass through and disregard child support paid on behalf of families receiving TANF benefits. However, the bill did not pass the Senate before the Congress adjourned. Similar legislation has been introduced in the most recent session (H.R. 1471 and S. 685) and advocates have called for related measures to be taken up during TANF reauthorization, if they are not enacted before then (see, for example, Ganow, 2001; Greenberg et al., 2000; Turetsky, 2000; Haskins, 2001).

Recent welfare reforms have increased the potential importance of child support as an income source for low-income, single-parent families. Time limits, work requirements, and the lack of entitlement to cash assistance have made nonwelfare sources of income increasingly essential. In Wisconsin, relatively stringent work requirements have been combined with a uniquely generous approach to child support. Among most mothers participating in W-2, any child support received on behalf of their children is passed through to them and is disregarded in the calculation of their W-2 cash payments. This policy has been subject to an experimental evaluation, and the findings have been generally corroborated by nonexperimental analyses. A full pass-through/disregard has been shown to have positive effects in Wisconsin. Policies that would allow other states to adopt similar policies are under consideration. Our results suggest that such policies could play an important role in meeting the goals of increasing self-sufficiency and personal responsibility.