

# Families Forward Debt Reduction Program Evaluation

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# Families Forward Evaluation Final Report

- IRP and BCS collaboration on *Families Forward* (pilot program) began in 2003 and continues in 2011 with planning for a statewide *Payment Incentive Program*
  - Research informed program design and pilot site selection
  - IRP studied the program's implementation with focus groups, outreach, interviews, follow-up surveys and data analysis
  - IRP evaluated the program outcomes with experimental and nonexperimental methods

# Motivation for Families Forward Intervention and Evaluation

- High child support debt may discourage payers, reduce payments and contribute to:
  - Increased enforcement costs
  - Reduced performance (more cases without collections)
  - Less child support for custodial families
  - Legal/economic consequences for noncustodial parents
- Reducing child support debt may:
  - Decrease money to custodial families, if debt would have been paid off without program or increase support if overwhelmed NCPs start paying

# Little knowledge of debt reduction program impacts

- Many policy interventions tried nationwide to reduce debt levels, few rigorously evaluated
- OIG report describes CS debt reduction programs in at least 20 states, but little evidence on outcomes
- Program challenges: low enrollment, implementation delays; difficulty distinguishing impact of other components (e.g., employment programs) from arrears component; successes correlated with prior earnings and/or child support payments

# Families Forward Program Features

- Families Forward pilot program unique features designed to link debt reduction to payments on current support and arrears:
  - Both state and/or CP may agree to debt reduction, depending on type of debt owed by NCP
  - Gradual reduction of debt (\$1 extra credit for each \$1 paid, or 50¢ extra credit for each \$1 paid)
  - First *interest*, then principal, are reduced
  - Interest charges on debt stop accumulating during participation

# Families Forward Program Implementation

- Implemented in Racine County, WI
  - Enrollment 5/17/05 to 11/01/07, participation limited to 2 years (through November 2009)
- Pilot program eligibility criteria:
  - Child support case in Racine County (no foster care/kinship or interstate cases)
  - Minimum arrears threshold (total CP and/or state-owed debt): at least \$2,000
  - Irregular or no recent payment history:
    - No payment on current support in last 3 months or current support paid in less than 6 of last 12 months or paid less than 1/2 of amount owed over last 12 months

# Multi-method Evaluation—Experimental

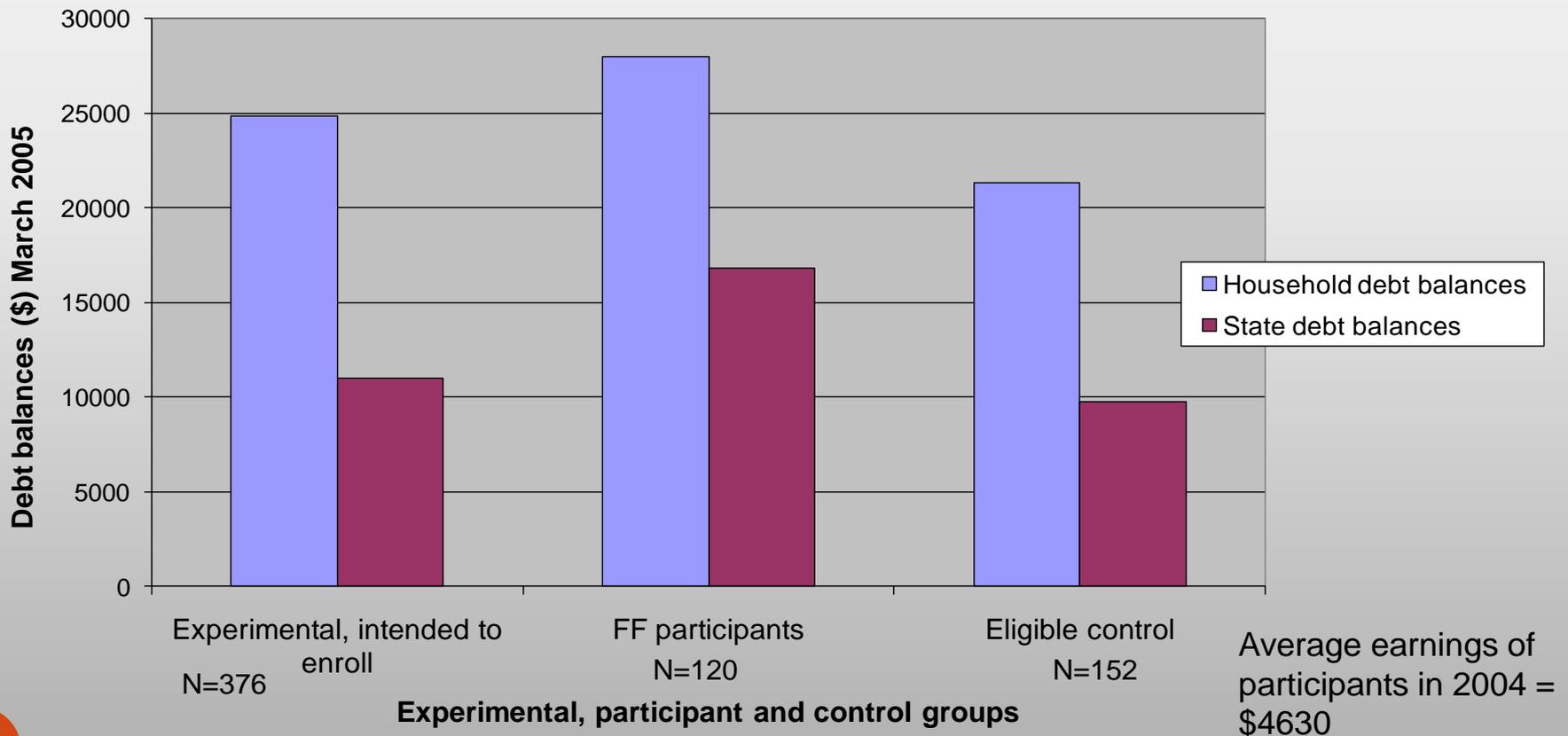
- *Random assignment experiment*: Eligible IV-D cases (approx. 5,000) assigned to experimental group (E) or control group (C); 7 of 10 eligible cases assigned to Es
  - Among these, 528 NCPs (with 1,976 IV-D cases) contacted Racine County to enroll in Families Forward
    - 376 of 528 NCPs (71%) were Es; 152 of eligible NCPs were Cs
      - Statistical equivalence of these two groups was confirmed
- Common view of experimental methods as the “gold standard” for evaluation assumes no serious problems in implementing random assignment or the program
  - No problems with random assignment in Families Forward; however, problems in program implementation contributed to low take-up among eligible experimental NCPs

# Multi-method Evaluation—Nonexperimental

- Only 120 (32%) of 376 eligible experimental NCPs *enrolled* in Families Forward
  - Challenges in enrollment process for NCPs and CPs
    - 88 forgiveness of only state-owed arrears; 25 only family-owed arrears; 7 both state-owed and family-owed
  - Enrollees were more disadvantaged than other NCPs who did not participate (other Es or Cs)
- *Nonexperimental* (econometric matching and multilevel longitudinal) methods are used to adjust for selective differences between participants and nonparticipants
- *Qualitative analysis* (focus groups, interviews and follow-up surveys of participants and eligible nonparticipants) generated additional insights on program implementation and outcomes

# NCPs enrolled in Families Forward owed significantly more debt to State and CP

## Families Forward Evaluation Sample



# Measures of Program Impacts

- Changes from month or year prior to NCP enrollment to final month of participation (or time during participation)—compared to nonparticipants—in:
  - *Household* child support debt balances
  - *State* child support debt balances
  - *Average* amount of monthly payments made by NCP toward current support or debt accounts
  - % of months that NCP made *any* payment toward current support or debt accounts
  - % of months that NCP made any payment toward *household arrears*
  - % of months that NCP made any payment toward *state arrears*

# Experimental evaluation findings

- Experimental calculations (simple differences in outcomes) showed no *statistically significant* differences in average changes in NCP debt balances or payments between experimental and control NCPs
  - Important caveat: only 32% of experimental NCPs who called to enroll actually participated (i.e., received credit toward debt for current support payments made)
  - Experimental program impact estimates do not account for significant differences between participants and other experimental NCPs who did not enroll

# Most Conservative Nonexperimental Results

- Families Forward participants pay significantly more child support: \$105 more per month than nonparticipants (while participating)
- Are more likely to pay in a given month: 9% more likely for any payment (including current support), 8% more likely on household arrears and 23% more likely toward state arrears during participation (compared to nonparticipants)
- Have significantly larger reductions in state debt balances (by \$2,743) and household debt (by \$2,564) than nonparticipants; largest total debt reduction > \$40,000

# Expansion to Payment Incentive Program

- BCS workgroup established to design and implement statewide program
  - Including representatives from county CSAs, Bureau of Information Technology Services, Bureau of Working Families, Bureau of Child Support, and IRP
- Program modifications (informed by evaluation):
  - Simplified eligibility criteria and (higher) debt threshold
  - Program participation for 3 years with option to renew
  - One month per quarter, NCP has to make a qualifying payment applied to arrears

# Ongoing work: Families Forward to PIP

- Exploring payment patterns among Families Forward participants
  - Do NCPs move into regular (monthly) payment patterns, or are payment amounts/times irregular?
  - What fraction of child support orders are paid?
  - Do any new payment patterns continue after Families Forward enrollment ended?
- Preparation for PIP rollout