

Executive Summary

Introduction

In recent decades, changes in family structure have led to a substantial increase in single-parent households in the United States. As a result of high divorce rates and a growing proportion of births to unmarried parents (Cancian, Meyer, and Han, 2011), almost a third of children did not live with both parents in 2016 (U.S. Census Bureau, 2017). The child support program is designed to address one of the potential negative consequences of children living apart from one of their parents by ensuring that noncustodial parents contribute financially to their upbringing. Changes in the social safety net, which no longer includes an entitlement to cash assistance for low-income single parents, have increased the importance of reliable child support. However, many noncustodial parents, including a disproportionate share of those whose children live in poverty, have limited earnings and ability to pay child support. Additionally, child support orders often constitute a high proportion of their limited income (Meyer, Ha, and Hu, 2008; Takayesu, 2011). Children in single-parent households could therefore benefit from a child support program that enables, as well as enforces, noncustodial parents' contributions to their support (Mincy and Sorensen, 1998).

In Fiscal Year 2012, the Office of Child Support Enforcement (OCSE) within the Administration for Children and Families, U.S. Department of Health and Human Services (DHHS), used its grant-making authority under Section 1115 of the Social Security Act to launch the National Child Support Noncustodial Parent Employment Demonstration (CSPED). As described in the program's Funding Opportunity Announcement (FOA; DHHS, 2012),¹ OCSE sought to examine the effectiveness of child support-led employment programs for noncustodial parents. The goal of CSPED was to improve the reliable payment of child support in order to improve child well-being and avoid public costs.

OCSE competitively awarded a cooperative agreement to the Wisconsin Department of Children and Families (DCF) to procure and manage an evaluation of CSPED through an independent third-party evaluator. DCF chose the Institute for Research on Poverty at the University of Wisconsin–Madison, along with its partner Mathematica Policy Research, to conduct the evaluation. The Institute for Research on Poverty also partnered with the University of Wisconsin Survey Center, which worked in conjunction with Mathematica Policy Research to collect data from study participants. This report presents the findings from the analysis of the effects of the CSPED intervention, an analysis based on a random assignment research design.

Program Design

CSPED aimed to improve the reliable payment of child support by providing noncustodial parents behind in their child support with an integrated set of child support, employment, and parenting services, through a child-support-led program. Local child support agencies were the lead agency and they contracted with partners to provide employment and parenting services.

¹https://ami.grantsolutions.gov/files/hhs-2012-acf-ocse-fd-0297_0.pdf

OCSE laid the groundwork for the CSPED design through the FOA (DHHS, 2012), which specified that programs were to consist of the following core services:

- **Case management.** Each CSPED participant was to be assigned a case manager to assess their needs, assist them in obtaining services, and monitor their progress.
- **Enhanced child support services.** OCSE directed grantees to offer expedited review of child support orders, order modification if appropriate, and temporary abeyance of certain enforcement tools while participants were actively engaged in the program. In addition, OCSE encouraged CSPED grantees to negotiate potential reductions in past-due amounts owed to the government (state-owed arrears) when participants successfully met program goals.
- **Employment.** OCSE expected all programs to include job search assistance, job readiness training, job placement services, job retention services, and rapid re-employment services immediately following job loss. OCSE also encouraged grantees to include: short-term job skills training, on-the-job training, vocational training, education directly related to employment, and work supports, such as transportation assistance.
- **Parenting.** CSPED grantees were to provide 16 hours of parenting classes with peer support that covered personal development, responsible fatherhood, parenting skills, relationship skills, and domestic violence.

Grantees were also required to develop a domestic violence plan, in consultation with domestic violence experts. These domestic violence plans included staff training, a process for screening CSPED participants, referral resources for participants involved in domestic violence, and family violence safeguards.

In fall 2012, OCSE competitively awarded grants to child support agencies (or their umbrella agency) in eight states (California, Colorado, Iowa, Ohio, South Carolina, Tennessee, Texas, and Wisconsin). Grantees chose a total of 18 implementation sites, ranging from one county each in Ohio, Iowa, and California to five counties in Colorado.

OCSE required that grantees enroll participants who had established paternity, were being served by the child support program, and were either not regularly paying child support or were expected to have difficulty making payments due to lack of regular employment. Using these eligibility criteria, grantees set out to find and recruit eligible noncustodial parents. Recruitment into the CSPED study began in October 2013 and continued through September 2016.² Recruitment efforts culminated in grantees enrolling 10,161 eligible noncustodial parents into the study.

²Random assignment and enrollment into the CSPED study ended in September 2016, and CSPED grantees continued to provide CSPED services to program participants through September 2017. CSPED programs received no-cost extensions, which some grantees used to enroll noncustodial parents into services outside of the CSPED evaluation until September 2018. These additional enrollees were not part of the CSPED study and any such service activities were not documented, tracked, or analyzed for the evaluation.

CSPED grantees enrolled a disadvantaged group of noncustodial parents. Only 55.2 percent had worked in the month prior to random assignment. Among those who reported working, their average monthly earnings were below the poverty threshold for a single person. Less than a third had more than a high school education. Most (65 percent) had been incarcerated.

Many noncustodial parents had complex family responsibilities. Most (62.2 percent) had children with more than one partner. Most (57.2 percent) reported that they did not pay any child support in the 30 days prior to random assignment. About 40 percent had no in-person contact with their youngest or oldest nonresident children in the 30 days prior to random assignment.

Study Methods

The CSPED evaluation used a random assignment research design. At study enrollment, program applicants were randomly placed into one of two research groups: (1) an extra services group that was eligible for CSPED services; or (2) a regular services group that was not. Study participants were divided equally across the two groups. A random assignment design ensures that the initial characteristics of the research groups are very similar. Therefore, any differences between the groups in outcomes can be attributed to the effect of the program.

The CSPED evaluation has three components, each of which is documented in separate reports: (1) an implementation study, which included an interim report (Paulsell et al., 2015) and a final report (Noyes, Vogel, and Howard, 2018); (2) an impact study (Cancian, Meyer, and Wood, 2019a; Cancian et al., 2019b); and (3) this report, which presents findings from the benefit-cost study. A separate report provides detailed information about the demographic characteristics of CSPED participants (Cancian et al., 2018).

Service Receipt

The final impact and implementation reports (Cancian et al., 2019a; Noyes et al., 2018) describe how CSPED provided significantly more services across all dimensions examined—including case management, enhanced child support, employment, and parenting—than received by the regular services group. In the year after study enrollment, those in the extra services group reported receiving, on average, 37 hours of child support, employment, or parenting services, compared with 15 hours for those in the regular services group, a difference of 22 hours. These additional hours of reported service receipt include 14 additional hours of employment services (including a mix of job readiness classes and one-on-one employment help), seven additional hours of parenting services, and one additional hour of child support services.

Our analysis of administrative data indicates that CSPED also increased the likelihood that noncustodial parents had their orders modified or had automatic wage withholding established during their first year in the program. In addition, consistent with the program design, CSPED reduced the likelihood that noncustodial parents experienced punitive enforcement actions—such as contempt hearings, warrants issued, or driver’s license suspensions—during their first year in the program. These differences persisted for license suspension into the second year of the program, but they did not persist into the second year for other punitive enforcement measures. As described in the CSPED final implementation report, OCSE gave grantees flexibility in designing their programs with respect to the noncustodial parents they served, how they

implemented services, and the dosage of services that were offered. As a result, the package of services and amount of services that participants experienced ultimately differed across sites (Noyes et al., 2018).

Program Impacts

The final impact report (Cancian et al., 2019a) describes in detail whether CSPED was effective in improving the outcomes it was designed to influence. CSPED had statistically significant impacts in five of the seven key domains examined by the impact report. CSPED reduced child support orders, which was consistent with its intent of right-sizing orders for low-earning parents. Payments declined by a smaller amount. In addition, CSPED participants reported more positive attitudes toward the child support program and a greater sense of financial responsibility for children. They also experienced improvements in earnings during the first year after random assignment. However, it did not have a statistically significant impact on two key domains—compliance with current support orders, or the amount or length of employment, and earnings impacts did not persist into the second year.

The Benefit-Cost Report

This benefit-cost report summarizes program costs and benefits to the extent possible, and thus offers insight about the magnitude of the CSPED costs relative to the magnitude of the benefits. Put another way, this benefit-cost analysis can provide information about the overall benefits and costs of CSPED, as well as how these are distributed across different stakeholders.

The benefit-cost framework focuses on benefits and costs that can be measured in monetary terms. Both the benefits and costs are estimated by comparing the benefits and costs of providing CSPED extra services relative to providing regular services. Program benefit estimates were based on impact estimates, which measured the benefit of the extra CSPED services relative to the regular services condition. The benefit-cost analysis includes impact estimates regardless of whether they are statistically different from zero because they represent our best estimate of impact size.

Data used in the benefit-cost report come from a variety of sources, including administrative data from each grantee on child support, public assistance program participation, and criminal justice involvement. Administrative data on employment and earnings from the National Directory of New Hires (NDNH), a follow-up survey of program participants conducted about 12 months after random assignment, the CSPED management information system, web-based staff surveys, and programs' reports of their business-as-usual child support costs were also used.

CSPED affected multiple stakeholders, and the benefit-cost analysis enables us to distinguish how costs and benefits were distributed across these stakeholders. Because the distinction between benefits and costs is dependent on whose perspective we consider, we examined the benefits and costs from four perspectives, those of (1) the government, (2) custodial parents and children, (3) noncustodial parents, and (4) society as a whole (sum of 1–3).

Although this framework captures many important benefits considered for CSPED—such as impacts on child support payments and noncustodial parent employment and earnings—it does

not capture all outcomes CSPED could possibly influence. Many of these excluded outcomes—such as attitudes toward the child support system—are key CSPED goals. For this reason, these measures were included in the impact analysis. However, because it is difficult to place a monetary value on these measures, we omit them from the benefit-cost analysis. Other excluded outcomes, such as child well-being, were not measured in the impact analysis at all, and therefore cannot be monetized. The potential impact of CSPED on these excluded outcomes should be kept in mind when interpreting the net-benefit estimates.

Key Findings

The key findings from this report about program costs are as follows:

- The estimated cost to operate CSPED for one year was \$4,617,096 across the eight grantees. Our estimate incorporates the market value of all resources used to operate the program and deliver services. The additional cost of CSPED after subtracting the cost of providing “business-as-usual” child support services was \$4,368,720.
- The average cost of serving a CSPED participant in the program was \$2,647. Our estimate of providing child support services to the regular services group was \$142 per participant. This makes the additional cost of CSPED \$2,505 per participant relative to the costs of providing business-as-usual child support services.
- Labor expenses represented the largest share of program costs. About 90 percent of the total estimated cost went toward salaries and fringe benefits for CSPED staff members. Program services, including state-owed arrears compromise, license reinstatement, participant incentives, and work supports, composed about 10 percent of the total estimated cost.

The key findings from this report about program benefits are as follows:

- During the two-year period for which we have data on participant outcomes, the total estimated benefit of CSPED relative to business-as-usual for the study’s steady state cohort of 1,744 participants was \$2.9 million from the perspective of society, not accounting for program costs.
- Not accounting for program costs, CSPED benefited society by \$971 per participant relative to the regular services group during the first year after random assignment and by \$692 per participant during the second year after random assignment, totaling \$1,663 per participant over the two-year period.
- Custodial parents and children benefited from CSPED by \$379 and \$473 per participant in the first and second years, respectively, totaling \$852 over the two years. Neither of these estimates is statistically different from zero. Increased child support, increased earnings, and increased public welfare were factors in generating these benefits.
- CSPED benefited noncustodial parents by \$386 per participant, on average, in the first year after random assignment and by \$160 per participant, on average, in the second year

after random assignment, totaling \$546 over the two-year follow-up. These values are not statistically significantly different from zero. These benefits accrued in part from increased noncustodial parent earnings and fringe benefits and increased noncustodial parent SNAP receipt.

- From the government's perspective, CSPED generated about \$207 in benefits per participant in the first year after random assignment and \$37 per participant in the second year after random assignment (not accounting for program costs), totaling \$244, although neither value is statistically significantly different from zero. A major factor in generating these benefits was the reduction in child support enforcement activities.

The key findings from this report regarding the net benefit of this program are as follows:

- When evaluated over the two-year follow-up period for which we have data, the net benefit analysis indicates that CSPED benefited custodial parents and children and noncustodial parents, but these benefits did not outweigh the costs to the government of operating CSPED relative to providing regular child support services (see Table ES.1).
- When extrapolating the second year benefits through a 10-year period (going eight years beyond the follow-up period for which we have data), given reasonable assumptions about how benefits decline over time, our estimates show that the benefits of CSPED might outweigh the program operation costs.

Both custodial parents and children as well as noncustodial parents experienced benefits from CSPED, primarily related to small increases in child support receipt, employment-related benefits, and receipt of SNAP benefits, most of which were not statistically significant. From the government's perspective, CSPED had costs associated with operating the program and it increased SNAP benefits for custodial and noncustodial parents, but it also led to a substantial reduction in costs related to child support enforcement activities. Taking the perspectives of society as a whole (government, custodial parents and children, and noncustodial parents combined), the benefit-cost analysis indicates that CSPED cost society \$528 per CSPED participant over the two-year follow-up period (Table ES.1).

A limitation of the main benefit-cost estimates is that the cost estimates include only the cost of providing CSPED and business-as-usual child support services. They do not include the cost of employment and parenting services provided to extra services group members through programs other than CSPED, nor do they account for employment and parenting services provided to regular service group members in the business-as-usual environment. We do not have cost data for programs outside of CSPED that provided services to study participants. However, we do have data from the follow-up survey about services received by both the regular and extra services groups. These data have important limitations—they do not provide information about the type of services beyond broad categories and the cost of such services is not known. In addition, in reporting hours of service participation, respondents do not distinguish between services provided by CSPED versus other programs, and report only the recalled time spent in services (not the time that it takes for program staff to deliver a service).

Table ES.1. Estimates of net benefits (in monetary terms) per CSPED participant in two years after random assignment, by perspective, in 2017 dollars

Benefits or costs	Perspective			
	Government	CPs and children	NCP participants	Society
Per participant				
Costs of CSPED extra services relative to regular services				
Through the end of the first year after random assignment				
Total benefits	-\$2,505	\$0	\$314	-\$2,191
Net benefits	\$207	\$379	\$386	\$971
Net benefits per dollar of program expenditures	-2,298	379	700	-1,220
Through the end of the second year after random assignment				
Total benefits	-0.92	0.15	0.28	-0.49
Net benefits	\$244	\$852	\$546	\$1,663
Net benefits per dollar of program expenditures	-2,261	852	860	-528
Extrapolations of second year after random assignment benefits over a 10-year period				
Total benefits	-0.90	0.34	0.34	-0.21
Net benefits	\$328	\$1,933	\$912	\$3,246
Net benefits per dollar of program expenditures	-2,177	1,933	1,226	1,055
For all participants in CSPED steady-state cohort^a				
Costs of CSPED extra services relative to regular services				
Through the end of the first year after random assignment				
Total benefits	-\$4,368,720	\$0	\$546,616	-\$3,821,104
Net benefits	\$361,514	\$661,778	\$672,731	\$1,693,110
Through the end of the second year after random assignment				
Total benefits	-4,007,206	661,778	1,220,347	-2,127,994
Net benefits (Sum of total benefits for the first and second years after random assignment)	\$425,472	\$1,486,205	\$952,196	\$2,900,452
Extrapolations of second year after random assignment benefits over a 10-year period				
Total benefits	-3,943,248	1,486,205	1,499,812	-920,652
Net benefits	\$571,748	\$3,371,724	\$1,591,352	\$5,661,721
	-3,796,972	3,371,724	2,138,968	1,840,617

Notes: The societal perspective is the sum of the perspectives of (1) government, (2) custodial parents and their children, (3) noncustodial parents, and (4) victims of crime. The perspective victims of crime is not shown separately in this table. Net benefit amount is estimated by adding impacts on the different total benefits and total costs. Based on regressions of net-benefit outcomes, net benefits in the first year after random assignment from the perspective of government and society are both statistically significant. Statistical regression tests for cumulative net benefits through the end of the second year after random assignment are not informative for the estimates reported in this table because the first and second year estimates are based on different samples, thus we do not report test of statistical significance for these estimates.

^aBased on 1,744 annual participants.

With these caveats in mind, we are able to use this information to construct rough estimates of the net benefits of CSPED that account for the cost of services available in the business-as-usual environment beyond child support services. To calculate these estimates, we have to make a number of assumptions. Specifically, we assume that all types of services cost the same per hour of service receipt regardless of who provides them and what type of services they are. We also assume that all services cost as much as CSPED per hour of service received. In addition, we assume that extra services group members did not receive any services outside of CSPED, and to the extent they did, likely understates the difference in costs received by the extra services and regular services groups. These estimates suggest CSPED would yield a benefit to society after two years of \$296 per participant. Thus, this approach suggests that taking into account the costs of a broader range of service receipt might provide a more favorable cost-benefit estimate.

The net benefit estimates for CSPED are also more favorable when extrapolating results beyond the two-year period for which we have data. Under the assumption that the CSPED benefits decline at 29 percent per year (as they did from the first to second year after random assignment) over a 10-year period after enrollment, extrapolations indicate that the total estimated net benefit of CSPED to society would be \$1,055 per participant or about \$1.84 million across all participants in the CSPED steady state cohort, if we use our more limited estimate of business-as-usual costs. These projected estimates suggest that CSPED's monetary benefits might justify its costs over a longer term than covered by the study's follow-up data.

As discussed above, CSPED had several impacts on key outcomes that the benefit-cost analysis was not able to value. This is often the case in programs that seek to target attitudes and quality of relationships as these outcomes have no accepted market values on which to base an analysis. Among the outcomes CSPED aimed to affect, CSPED increased noncustodial parents' satisfaction with the services of the child support program, it increased noncustodial parents' sense of responsibility for their children, and it increased noncustodial parents' contact with their children. CSPED also led to a modest reduction in housing instability for noncustodial parents. These positive impacts were not able to be monetized, and may have generated benefits to custodial parents and children, noncustodial parents, and society as a whole. In addition, CSPED may have affected outcomes not measured by the evaluation, such as children's developmental outcomes. These unmeasured benefits, along with the observed, modest impacts on excluded, nonmonetary outcomes for custodial parents and children and noncustodial parents, are potential benefits of CSPED that are not represented in the benefit-cost analysis. Policymakers should consider these factors in conjunction with the monetary net benefit estimates in determining whether the observed and potential impacts of the program justify the cost of the program to government.