

# Setting Appropriate Orders to Increase Future Compliance and Payments

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# Why Research Appropriate Orders?

Recovery of Maintenance in the  
European Union and Worldwide  
Heidelberg Conference 5 – 8 March 2013

- Emphasis on preventing build-up of arrearages
- Appropriate orders yield greater compliance
- Goal is to maximize collections
- Minimizes arrears debt and reduces barriers to paying child support

# Research Findings - Arrears

Recovery of Maintenance in the  
European Union and Worldwide  
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- **Dr. Elaine Sorenson, Urban Institute, (2007)**
  - Non-Compliance of a current support order is a major factor in arrears growth
  - Majority of arrears owed by a small percentage of obligors
  - 11% of obligors owed 54% of the arrears
  - Of those obligors, 3/4 had no reported income, or income less than \$10,000 per year
  - Interest on arrears is responsible for a large portion of arrears growth

- **Dr. Elaine Sorenson, Urban Institute,  
(2007)**
  - Set realistic orders
  - Increase obligor participation in order establishment
  - Reduce or eliminate setting retroactive support
  - Modify orders promptly when appropriate
  - Institute arrears compromise programs

- **Research on Setting Orders:**
  - *Turetsky, Vicki* (2000) Center for Law and Social Policy
  - *Sorensen, Elaine*, et al (2007) Urban Institute
  - *Meyer, Daniel* (2003,2008) Institute for Research on Poverty
  - *Formoso, Carl* (2003, 2010) Washington State
    - Specific link seen at 20% ROTW – when support was over 20% of the obligor's income, arrears grew

# Current Research Study

Recovery of Maintenance in the  
European Union and Worldwide  
Heidelberg Conference 5 – 8 March 2013

- Supports establishing an appropriate order based on the NCP's income. Arrears growth will occur if the order is greater than 20% of the NCP's income (Ratio of Order to Wage-ROTW)
- Payment behavior is closely linked to “provable” income.

# Analysis Based on Guideline Data

Recovery of Maintenance in the  
European Union and Worldwide  
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- California has an advantage in research as all guideline input data is in CSE, and data is linked to case payment behavior.
- Since all cases require a calculation be recorded in support of an order, we can see what income/expense factors led to the order and how that case paid.



# Data Set

Recovery of Maintenance in the  
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- 102,332 cases, representing 142,730 children
- All cases with orders established since December 2008.
  - Current Assistance: 36,198 cases
  - Former Assistance: 32,307 cases
  - Never Assisted: 33,827 cases



# Data Set

Recovery of Maintenance in the  
European Union and Worldwide  
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- Compliance Rates:
  - Current: 40.8%
  - Former: 61.6%
  - Never: 70.6%
- Median NCP Income : \$1504/month
- Average Visitation: 9.8%

# Research Method

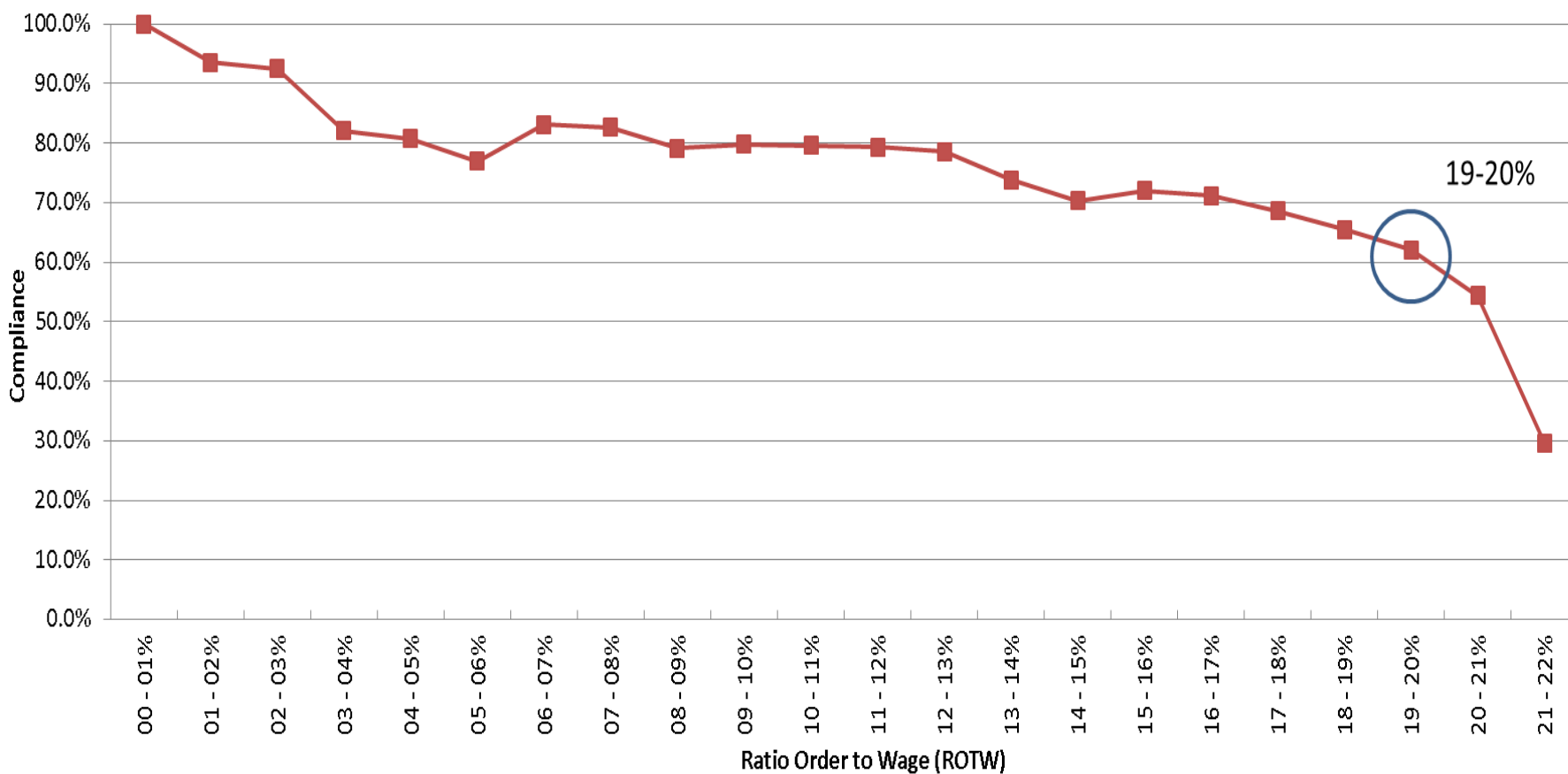
Recovery of Maintenance in the  
European Union and Worldwide  
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- **Used Multiple Regression to Determine How Ratio of Order Amount to NCP Gross Wage (ROTW) Affects:**
  - Compliance (Percent of Current Support Collected)
  - Payment Consistency (Percent of Months Paid Out of 12 possible months)
  - Payments Per Child
  
- **Despite Differences in:**
  - CP & NCP Income
  - Number of Children Per Family
  - Type of Welfare Case (Current, Former, Never)
  - Court Action (Default, Stipulation, Court)
  - Guideline Deviation
  - Size of County
  - Visitation Percentage
  - Child Age

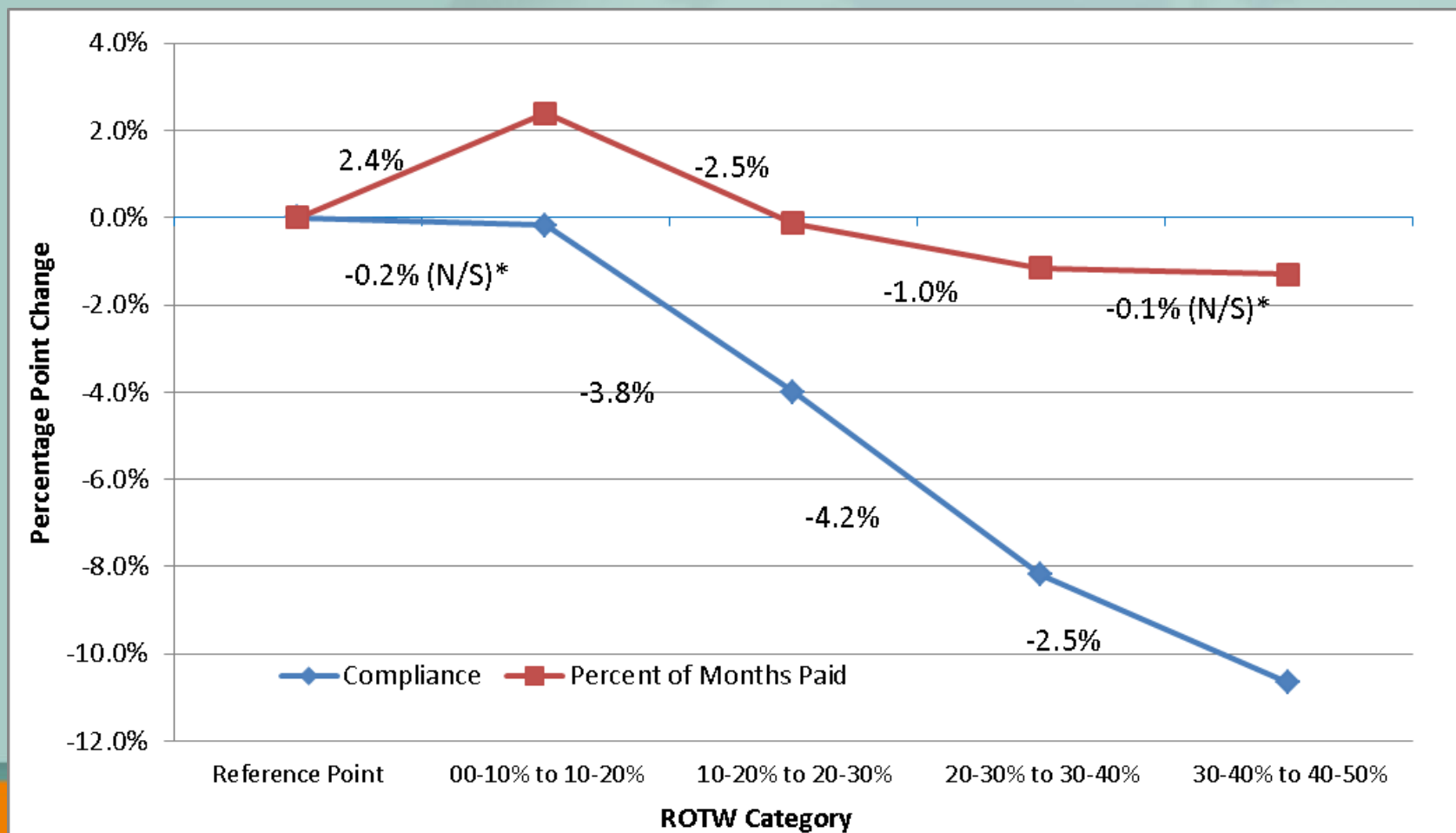
# Initial Findings

Recovery of Maintenance in the European Union and Worldwide  
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## Compliance By ROTW One Child



## ROTW Influence on Compliance and Percent of Months Paid (Payment Consistency)



\*N/S = Non Significant Finding

# Initial Findings

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## Factual Income Leads To Consistent Child Support Payments



# Compliance, Percent of Months Paid and Payments Per Child by NCP Income Category

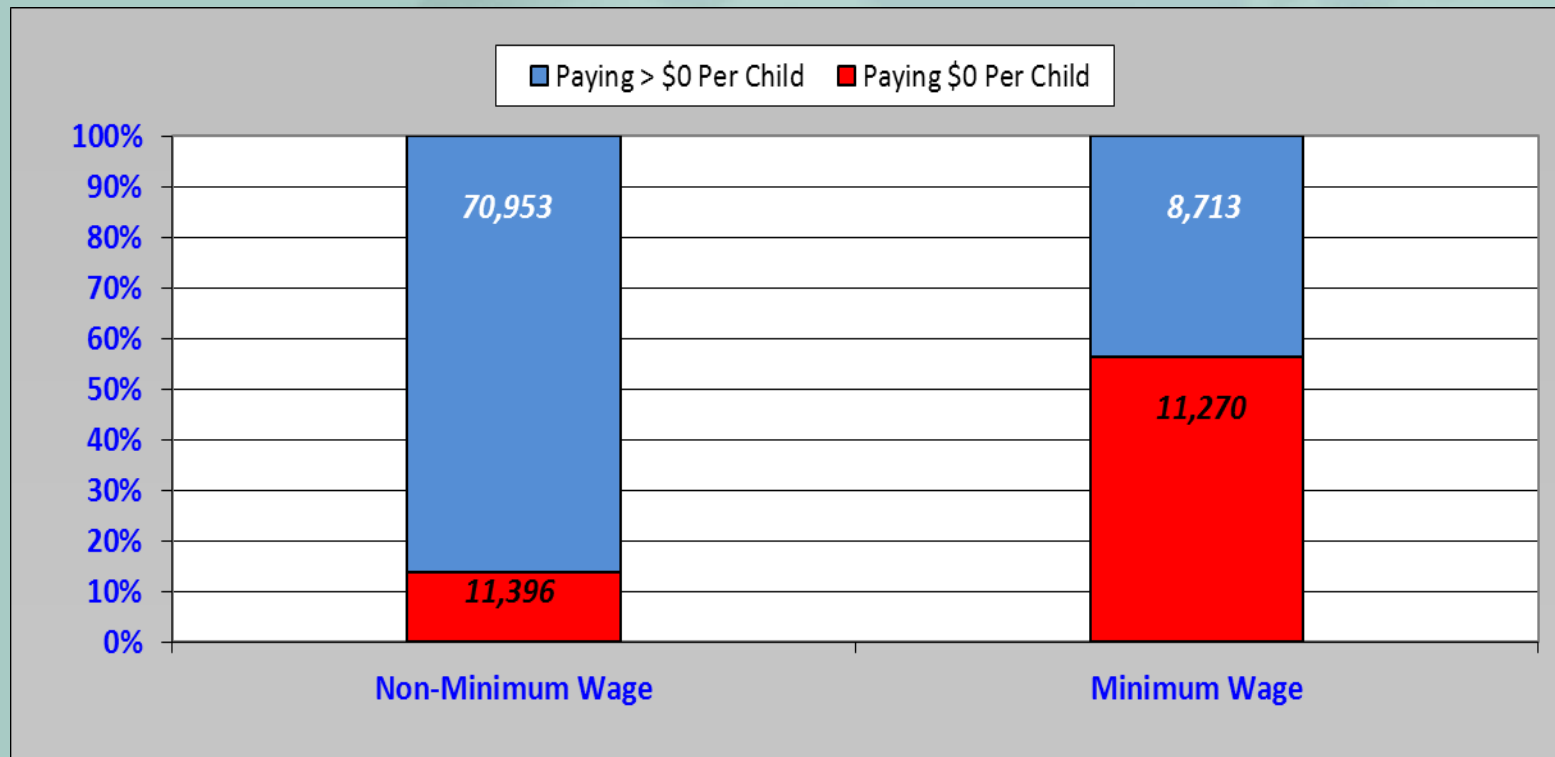
	<i>Number of Cases</i>	<i>Compliance</i>	<i>Percent of Months Paid</i>	<i>Payments Per Child(Monthly)</i>
<b>Minimum Wage</b> (\$1,387)	19,983	19.9%	27.9%	\$47
<b>Low Income</b> (\$0-\$1,388)	27,526	47.8%	56.0%	\$68
<b>Mid Income</b> (\$1,388-\$2,500)	28,636	61.5%	74.2%	\$176
<b>High Income</b> (>\$2,500)	26,187	75.3%	85.7%	\$371
<b>Total</b>	102,332	59.1%	63.3%	\$172

Minimum Wage = Presumed or “Fictional” Income

# Percent of Cases Paying \$0

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## Minimum Wage vs. Non-Minimum Wage





# What About Existing Orders?

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- This information is great to establish new orders, but for existing orders, what are the performance effects on Modifications (Review and Adjustments)?
- Modification Effects on Compliance and Payments by Modification Type
- (Orange County DCSS May-09 to May-11 (N=10,358))
  - Collections Improve = Upward and No Change Modifications
  - Compliance Improves = Lower Modifications

# Research Study

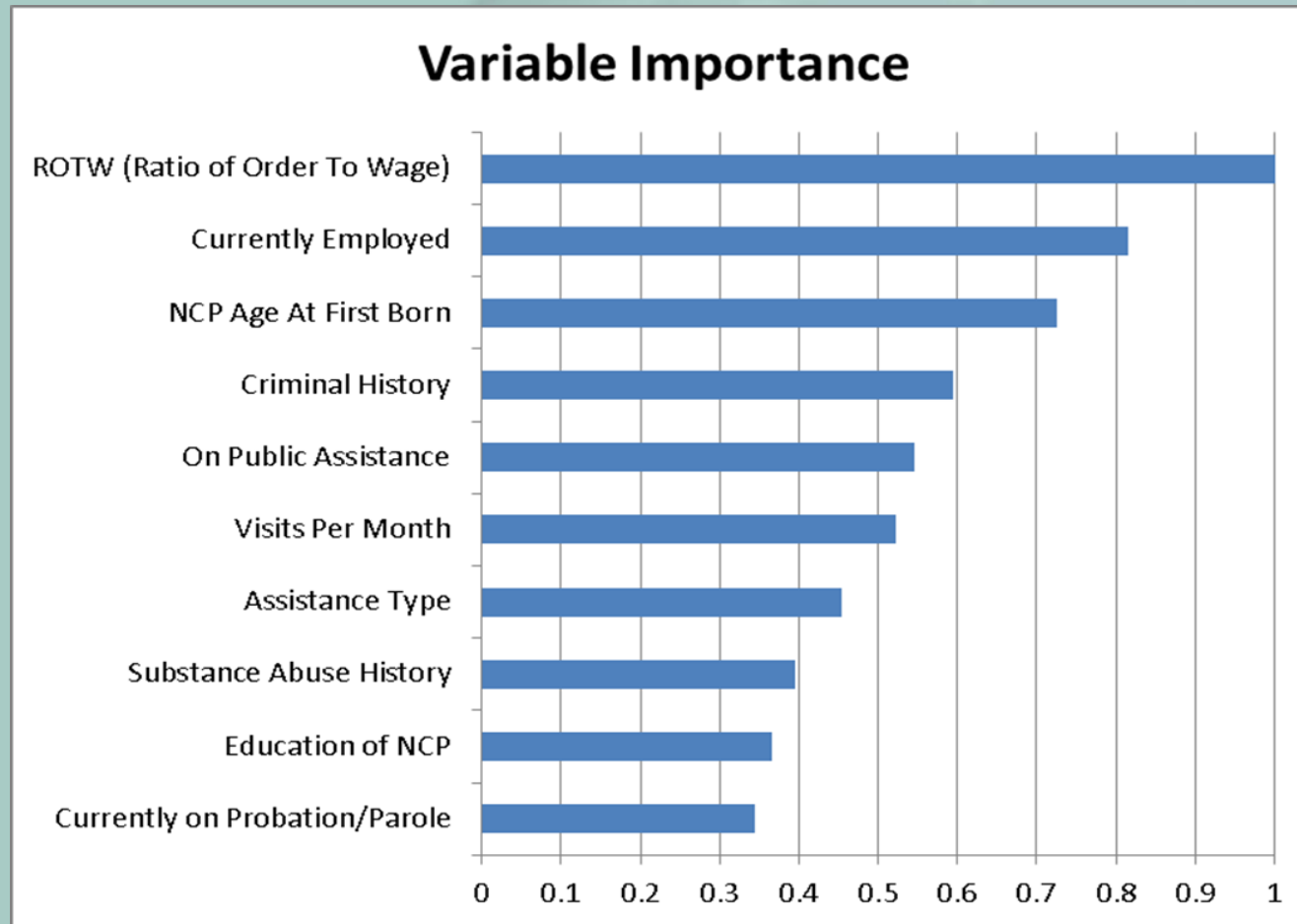
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- Appropriate orders produce greater compliance for individuals with multiple barriers to paying child support:
  - Low Education
  - Fatherhood at an Early Age
  - Criminal History
  - Parenting Time (Visitation)
  - Assistance Type (currently on aid, formerly on aid, never on aid)
  - Unemployment
  - Public Assistance
  - Substance Abuse History
  - Probation/Parole

# Barriers To Child Support Payments

Recovery of Maintenance in the  
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- The Importance of ROTW – Predictive Analytics
- Barriers Study (OC DCSS) (N=772)



# Barriers To Child Support Payments

Recovery of Maintenance in the European Union and Worldwide  
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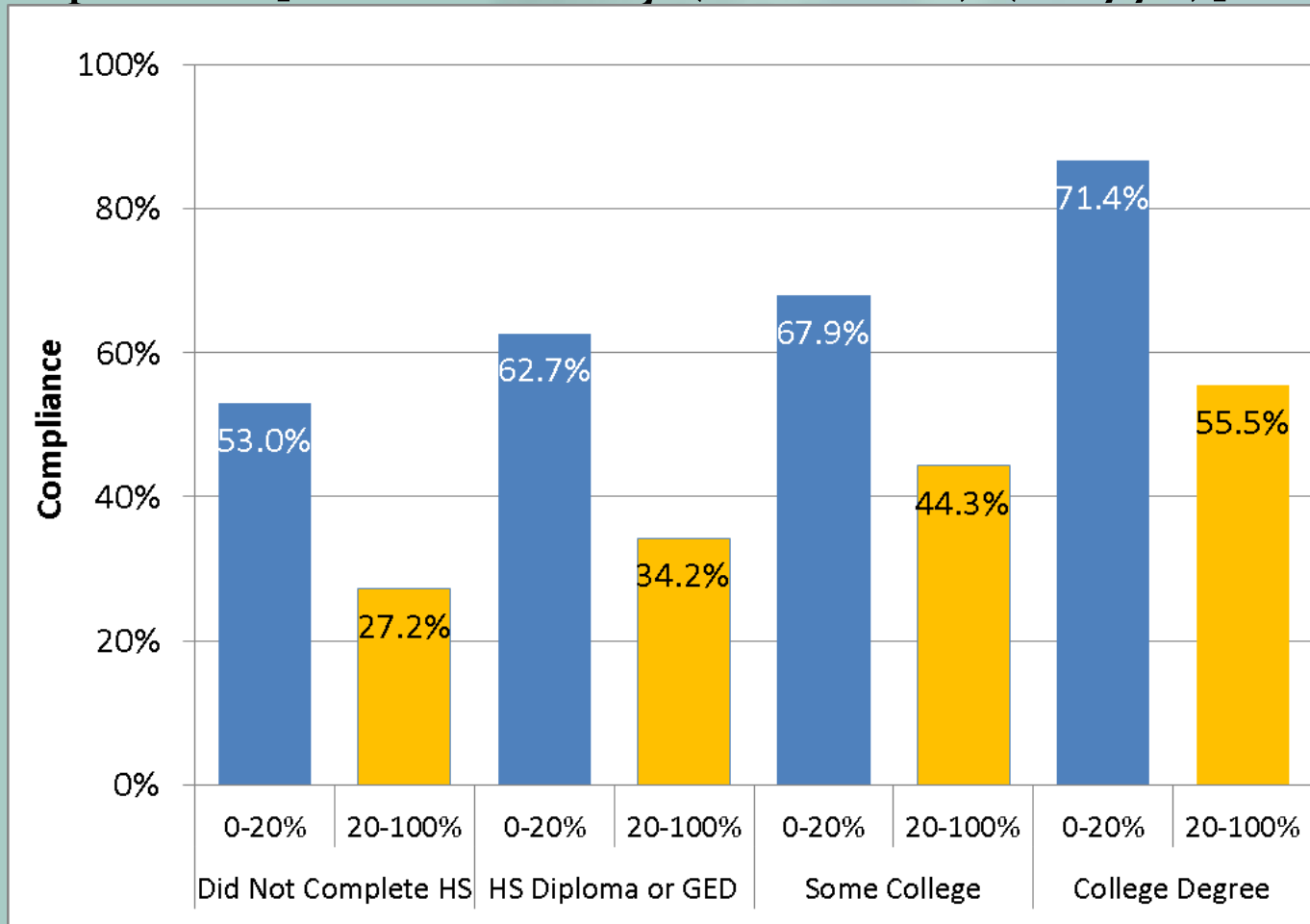
- Use of Predictive Analytics To Predict Compliance
- Barriers Study (OC DCSS) (N=772)

	Very Low (0-19%)	Low (19-34%)	Medium (34-57%)	High (57-94%)
Median NCP Age at 1 <sup>st</sup> Bom	24	25	26	25
Average Visits Per Month	4.1	4.1	4.8	5.3
Median Monthly NCP Income	\$618	\$974	\$1,719	\$3,484
Median Ratio of Order to Wage	37.8%	33.9%	21%	10.9%
Mostly Current and Former Assistance	73%	59%	54%	46%
% Unemployed	89%	65%	37%	1%
Prevalence of Criminal History	91%	38%	36%	15%
On Probation	28%	9%	8%	2%
Did Not Complete High School	36%	31%	28%	21%
History of Substance Abuse	40%	22%	20%	9%
On Public Assistance	30%	27%	19%	7%

# Barriers To Child Support Payments

Recovery of Maintenance in the  
European Union and Worldwide  
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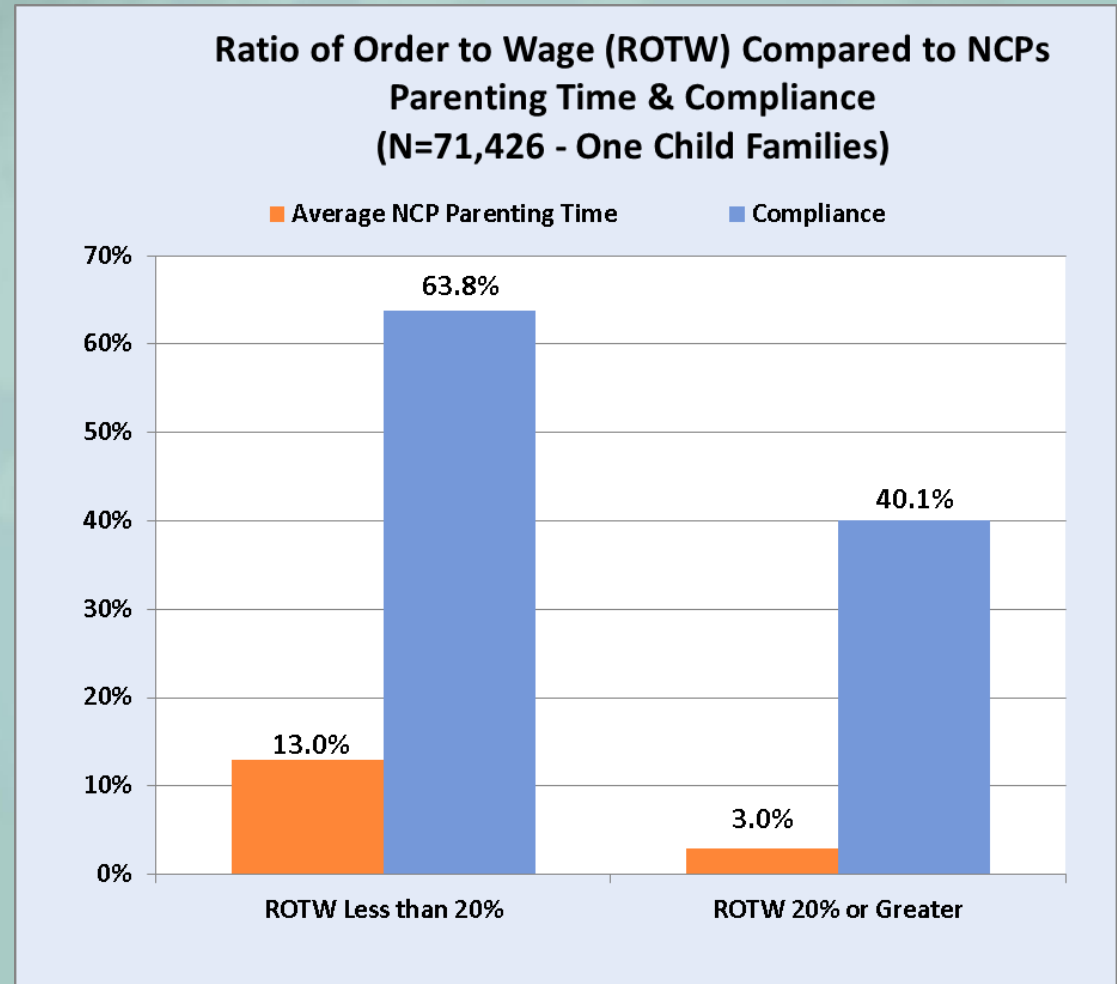
## ➤ Influence of ROTW and NCP's Education Level on Compliance [Barriers Study (OC DCSS) (N=772)]



# Parenting Time

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- Importance of Parenting Time (Visitation) to Set Appropriate Orders



# Research Questions

Recovery of Maintenance in the  
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- Does Ratio of Order Amount to NCP's Gross Wages (ROTW) impact compliance and payments?
  - Yes
- What is the ROTW that leads to maximum compliance and payments?
  - Under 20%
- How do orders based on “Presumed” or “Fictional” Income pay and comply in future years?
  - Very Poorly – Expect NCP's to Pay \$0



# Research Questions

Recovery of Maintenance in the  
European Union and Worldwide  
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- For existing orders, what is the effect of modifications?
  - Lower – Improves Compliance
  - Upper – Improves Collections
  - No Change – Improves Collections
- How important is the ROTW in determining future performance noting other barriers the NCP might have (i.e. educational, substance abuse, incarceration, degree of family participation etc.)?
  - Is of Primary Importance

# Research Questions

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- From a policy perspective what two areas can improve child support compliance and payments
  - Parenting Time
  - Setting Appropriate Orders

# Think 'Bubbles'!

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# Contact/Reference Information

Recovery of Maintenance in the  
European Union and Worldwide  
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## References:

How Do Child Support Orders Affect Payments and Compliance?

<http://www.csdaca.org/archive.aspx>

Setting Appropriate Child Support Orders to Increase Future Compliance  
and Payments (German)

DAS JUGENDAMT Jul-Aug 2012 (Pages 350-359)

Modification Analysis, Parenting Time Analysis, Predictive Analytics –  
Orange County DCSS