

Setting Appropriate Orders to Increase Future Compliance and Payments

Mark Takayesu, Research Manager
Orange County, California Department of
Child Support Services - USA

Why Research Appropriate Orders?

Recovery of Maintenance in the
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- Emphasis on preventing build-up of child support arrearages
- Appropriate orders yield greater compliance
- Goal is to maximize collections for children
- For the NCP, minimize arrears debt and reduce debt barrier to paying child support

Research Findings - Arrears

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- **Dr. Elaine Sorensen, 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 Sorensen, 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

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- 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

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- California has an advantage in research as all guideline input data was extracted from the child support system, 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

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- 102,332 cases, representing 142,730 children
- All cases with orders established Jan-09 to Dec-10:
 - Current Assistance: 36,198 cases
 - Former Assistance: 32,307 cases
 - Never Assisted: 33,827 cases

Data Set

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- Compliance Rates:
 - Current: 40.8%
 - Former: 61.6%
 - Never: 70.6%
- Median NCP Income : \$1504/month
- Average Parenting Time (Visitation Percentage): 9.8%

Research Method

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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

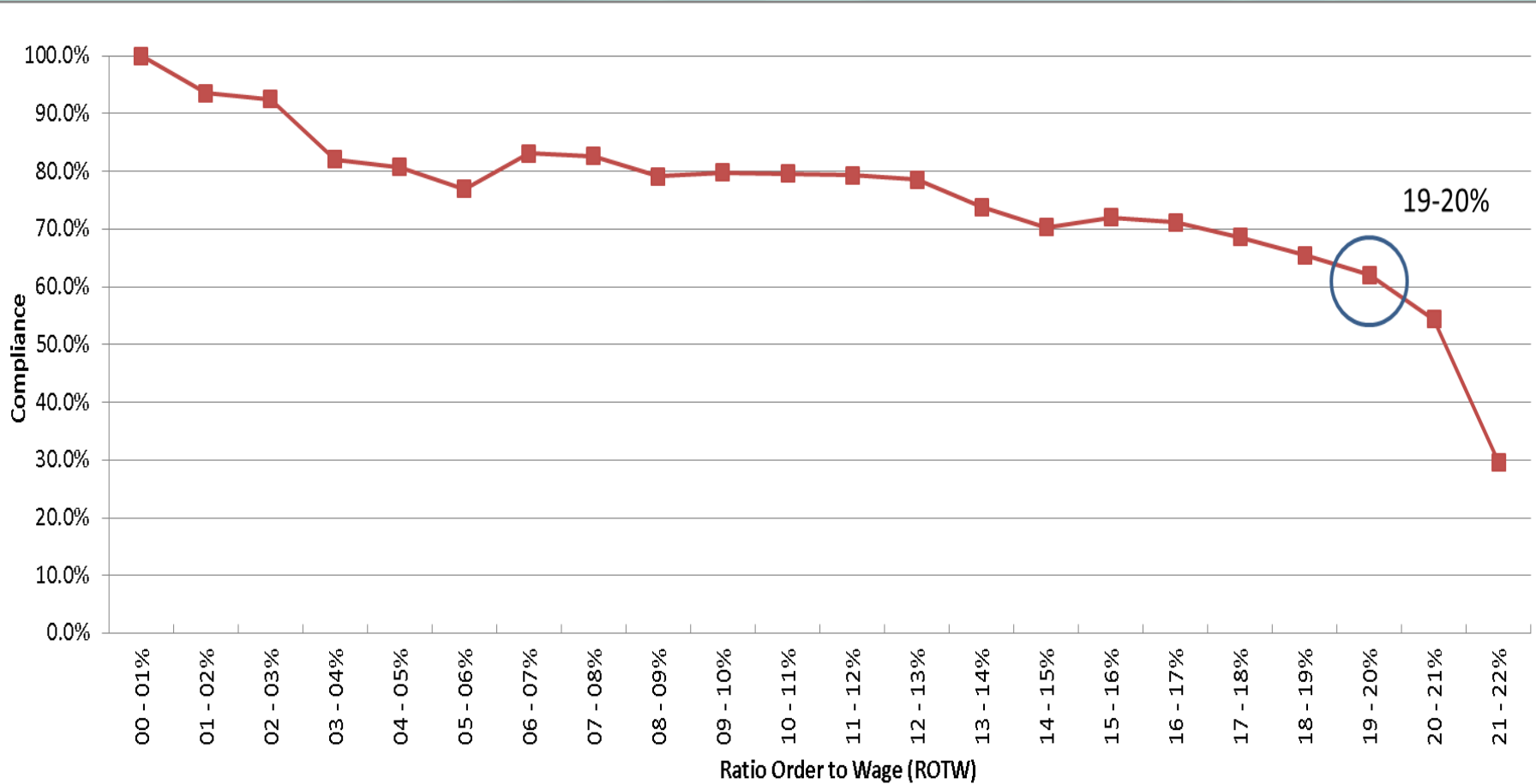
- **Despite Differences in:**
 - CP & NCP Income
 - Number of Children Per Family
 - Type of Welfare Case (Current, Former, Never)
 - Court Action (Default, Stipulation, Court)
 - Guideline Deviation
 - Size of County
 - Parenting Time (Visitation) Percentage
 - Child Age

Initial Findings

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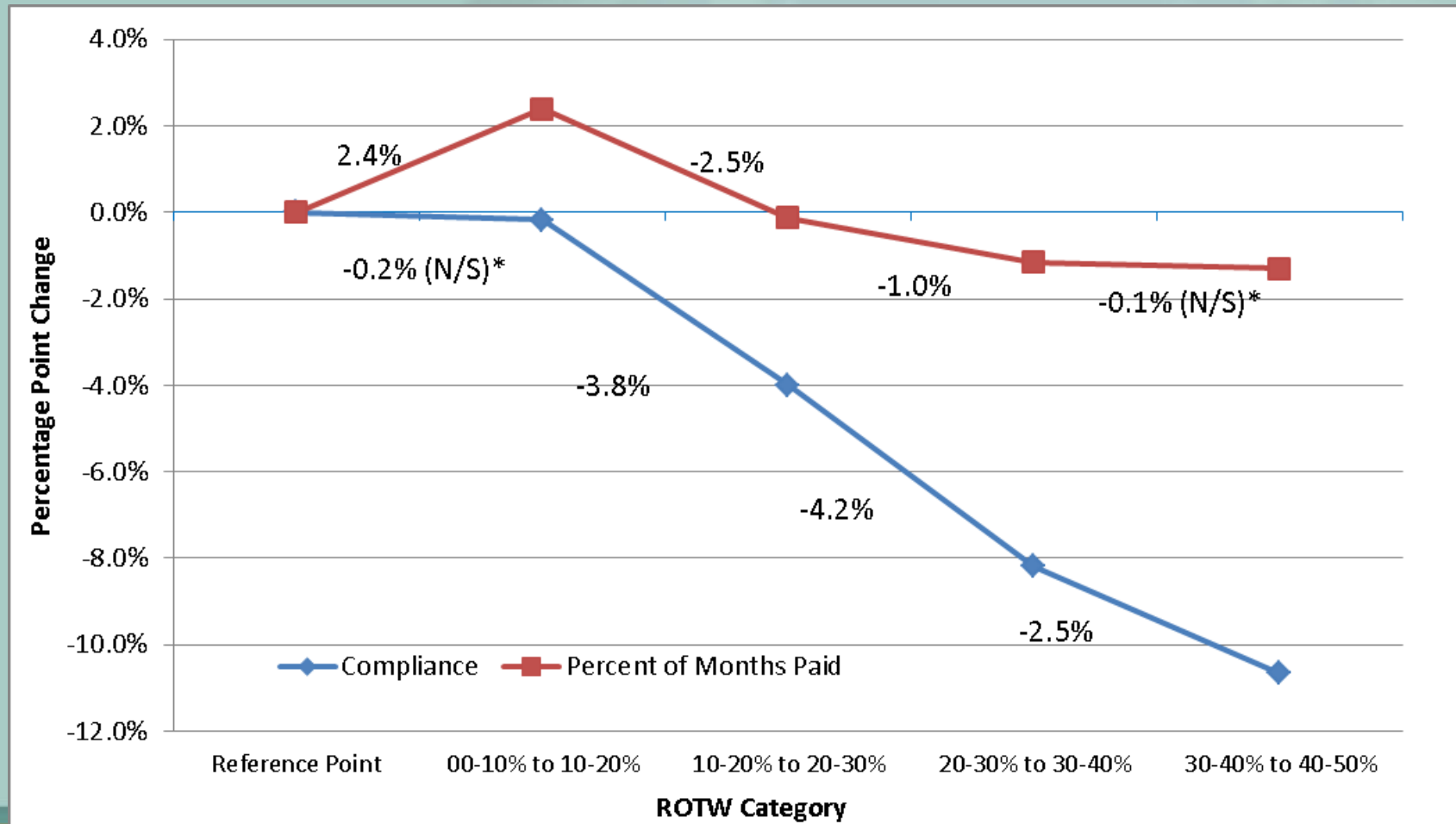
Compliance By ROTW – Cases With One Child

N= Graph depicts 60,893 Cases (85%) Out of 71,426 Total One Child Cases



Multiple Regression

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



Hypothesis

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Factual Income vs. Fictional Income Leads To Consistent Child Support Payments and Higher Compliance



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

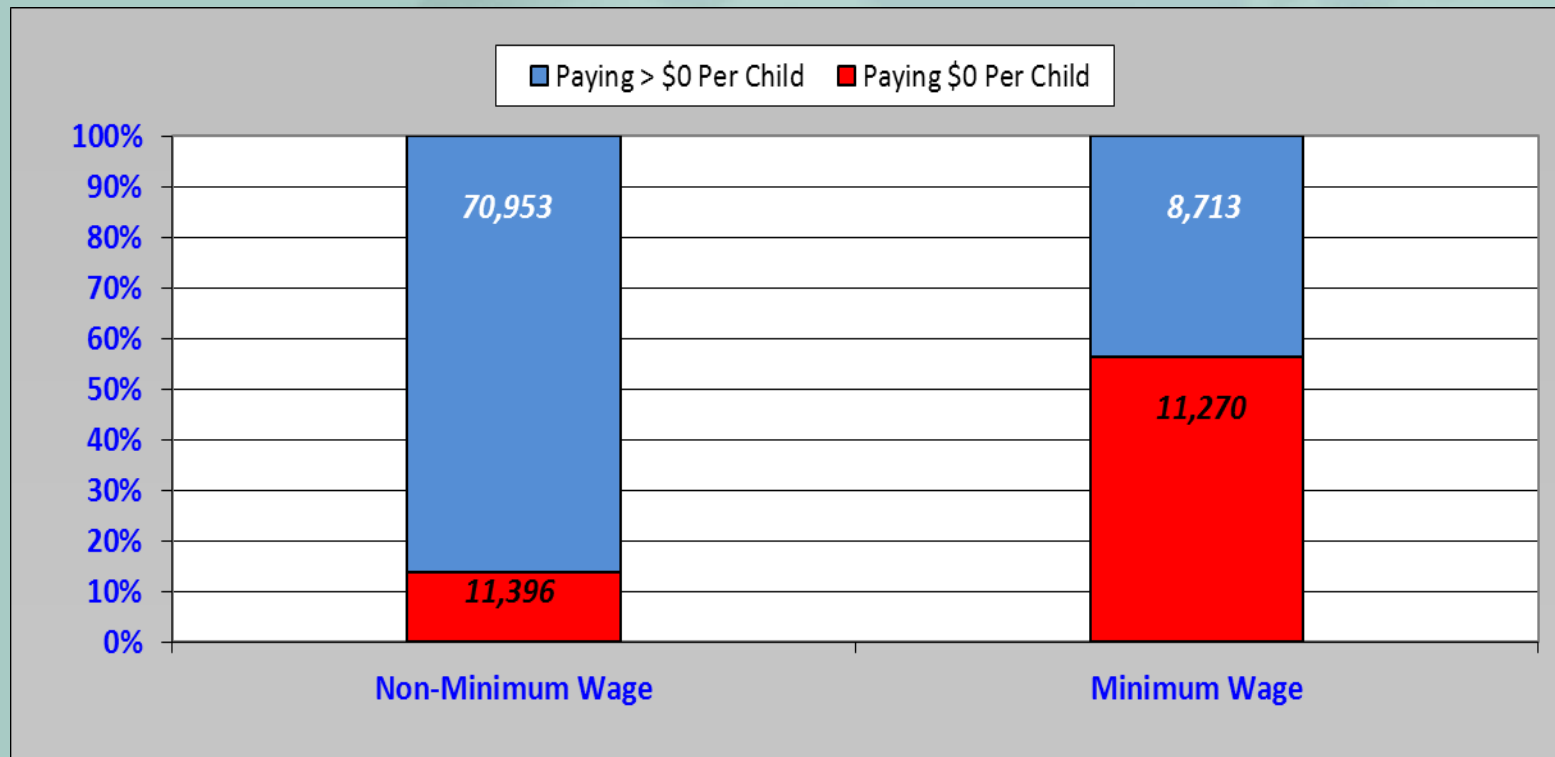
	<i>Number of Cases</i>	<i>Compliance</i>	<i>Percent of Months Paid</i>	<i>Payments Per Child(Monthly)</i>
Minimum Wage (\$1,387)	19,983	19.9%	27.9%	\$47
Low Income (\$0-\$1,388)	27,526	47.8%	56.0%	\$68
Mid Income (\$1,388-\$2,500)	28,636	61.5%	74.2%	\$176
High Income (>\$2,500)	26,187	75.3%	85.7%	\$371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

Think 'Bubbles'!

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Barriers Research Study

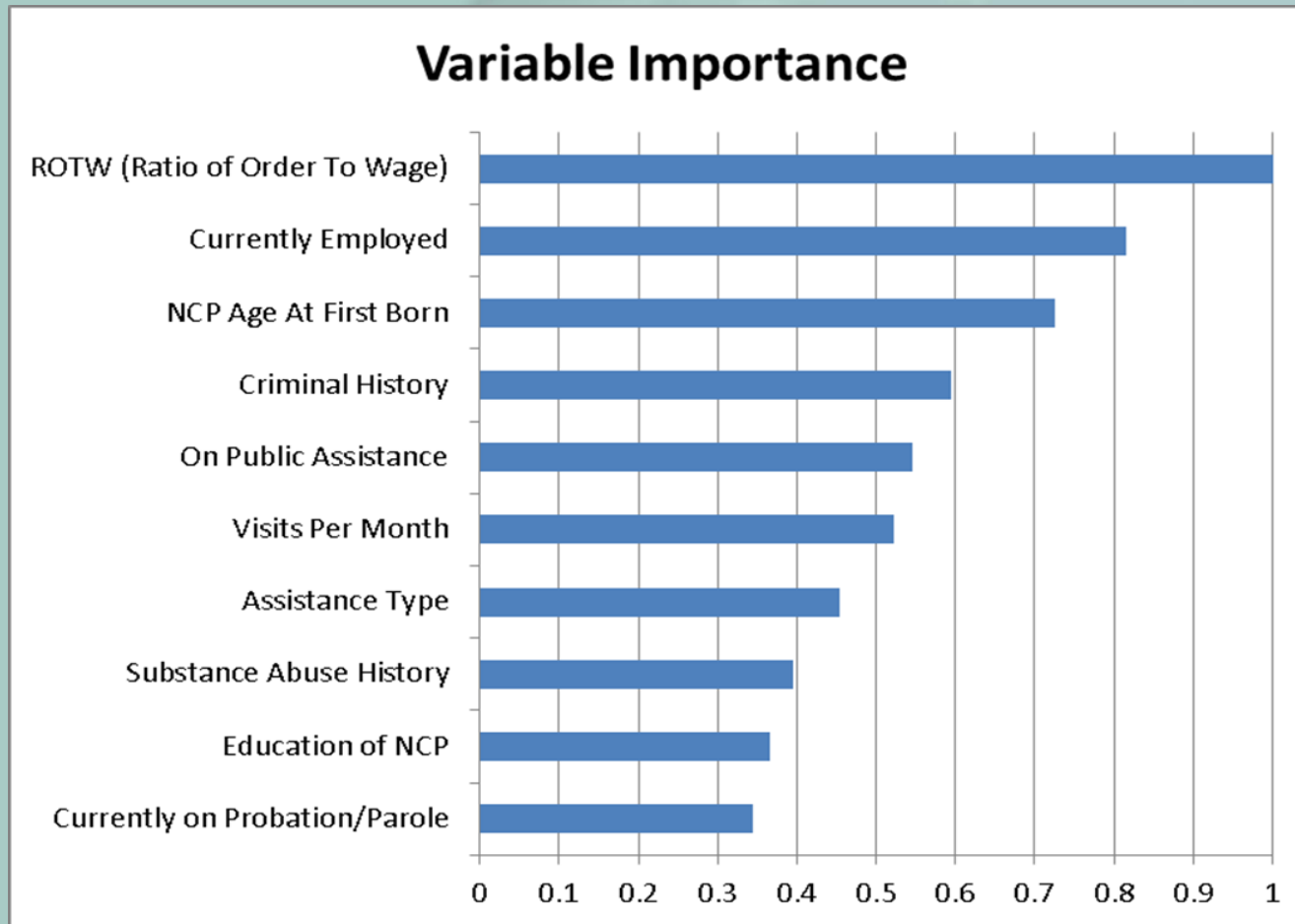
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- Appropriate orders produce greater compliance for individuals with multiple barriers to paying child support:
 - Low Education
 - Fatherhood at an Early Age
 - Criminal History
 - Parenting Time (Visitation)
 - Assistance Type (currently on aid,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

Barriers To Child Support Payments

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- The Importance of ROTW – Predictive Analytics
- Barriers Study (OC DCSS – SAS Enterprise Miner) (N=772)



Barriers To Child Support Payments

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➤ Use of Predictive Analytics To Predict Compliance

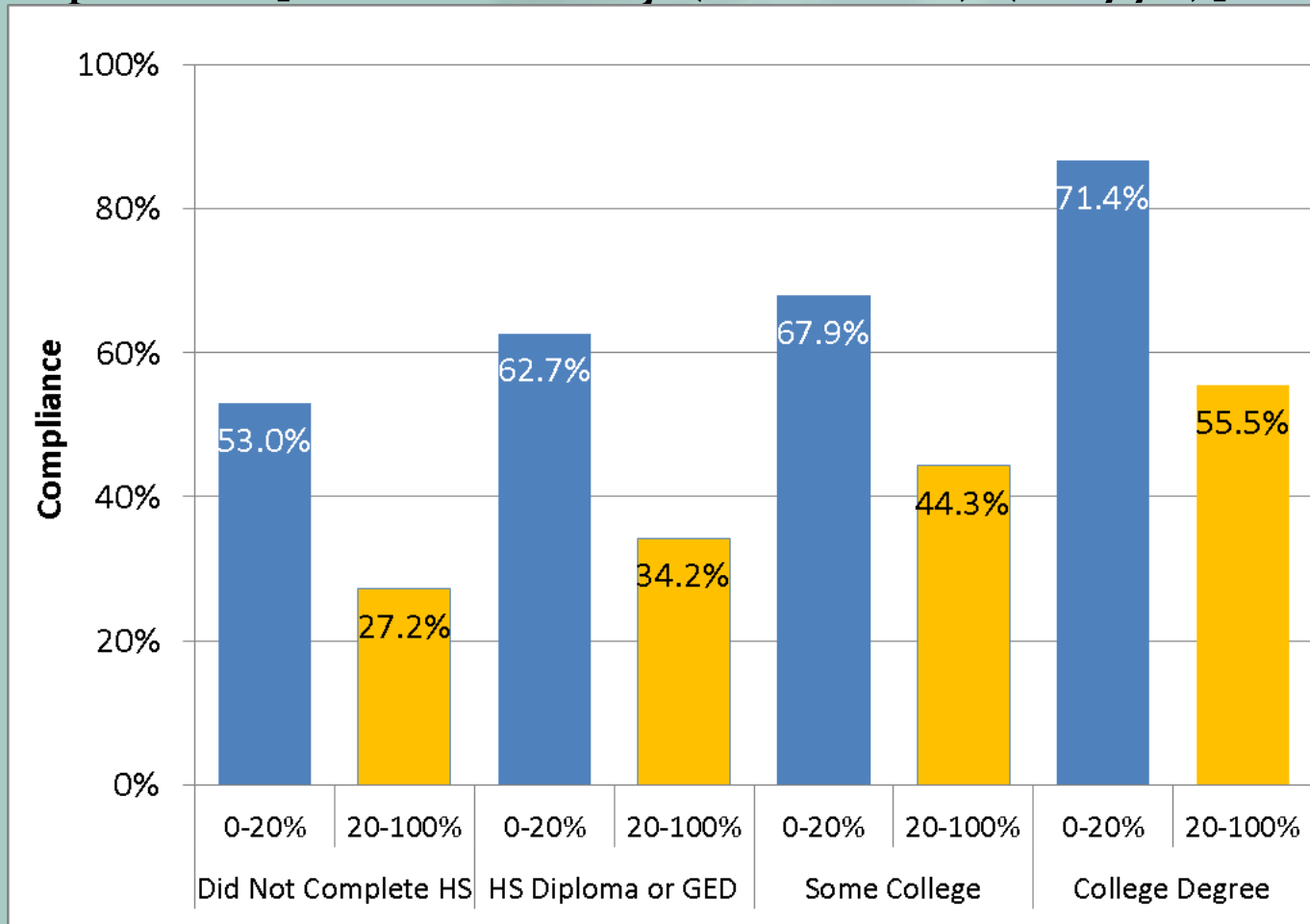
➤ Barriers Study (OC DCSS) (N=772)

	Very Low (0-19%)	Low (19-34%)	Medium (34-57%)	High (57-94%)
Median NCP Age at 1 st 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

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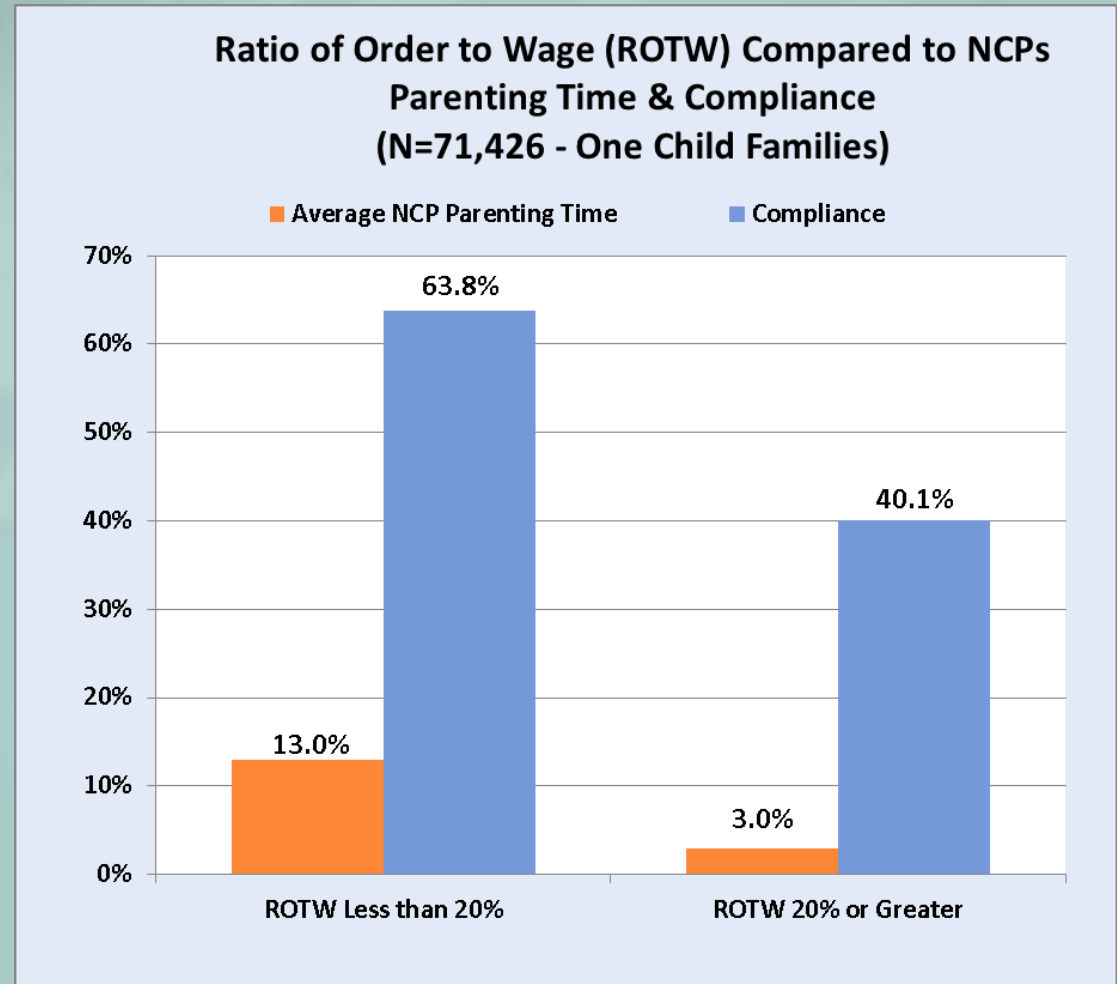
➤ Influence of ROTW and NCP's Education Level on Compliance [Barriers Study (OC DCSS) (N=772)]



Parenting Time

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



Research Questions

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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

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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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- Can future compliance be predicted with knowledge of the NCP's barriers?
 - Yes

- Can appropriate orders improve child support compliance for NCP's with barriers?
 - Yes

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

Contact/Reference Information

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Mark Takayesu

Orange County Department of Child Support Services

1055 N. Main St.

Santa Ana, CA 92701 (USA)

(714) 347-8223

mtakayesu@css.ocgov.com

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,
Barriers Study - Orange County DCSS