

**Participant Knowledge of the Child Support Pass-Through and Disregard:
Interviews With Local Child Support and W-2 Staff**

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Revised February 2006

This is Part 2 of the second report of Project E in Contract C-1980 between the Wisconsin Department of Workforce Development and the Institute for Research on Poverty. Any views expressed in this report are those of the authors and not necessarily those of the sponsoring institutions.

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INTRODUCTION

This is one of two reports that assess the knowledge of program participants concerning the pass-through and disregard. The other report is based on answers to the Child Support Demonstration Evaluation (CSDE) survey questions asked of families in the Survey of Wisconsin Works Families who converted from AFDC or otherwise entered W-2 in its first months. IRP researchers are also interested in knowledge of the pass-through among families who entered W-2 later in the program, after the experiment had ended and everyone received all current child support paid on their behalf. Because these participants were not part of the CSDE survey, this report relies on an alternative approach to assessing their knowledge, through two rounds of interviews with W-2 and child support agency staff who had contact with them.

The first set of interviews was conducted in late 2002, shortly after the end of the CSDE experiment, with W-2 staff in six counties. One of the counties was Milwaukee, selected because of its size. The others—Jefferson, Grant, La Crosse, Marathon, and Sheboygan— were selected because a survey of case managers had found that W-2 staff in those counties were especially knowledgeable about child support. The second set of interviews, in a more diverse sample of counties, was conducted in 2005 with local staff in the counties that were part of the implementation evaluation at the beginning of the CSDE research project in 1998. Those counties were Dane, Douglas, Juneau, La Crosse, Milwaukee, and Racine. All interviews in both 2002 and 2005 were recorded and transcribed.

Our earlier research had shown that, except in Milwaukee County, where county child support staff are outstationed at each of the W-2 agencies, child support staff have very large caseloads and little role in explaining the pass-through. We thus concentrated primarily on interviews with W-2 staff who are responsible for explaining the “Notice of Assignment” (of child support) form to W-2 applicants and getting them to sign the form. We also interviewed managers who supervise staff performing that

function. In addition, to obtain the perspective of at least some child support staff, we talked in 2005 with staff and managers in the Milwaukee County child support enforcement agency, including outstationed staff, and with child support managers and staff in Douglas, Juneau, and La Crosse Counties.

At the time we conducted the interviews in 2005, the federal government notified the state that it would no longer approve the waiver that allowed the state to pass through the federal government's share of child support collections, thereby requiring the state to end the full pass-through policy and reimburse the federal government for the federal share of the amount passed through. News of this anticipated change provided us with another avenue to assess how agency staff perceived the significance of the pass-through program, since we could ask staff to predict how program participants might respond to the end of the full pass-through.

Under the new federal requirements, after an initial transition period, the state will pass through to custodial parents receiving cash assistance the state's share of child support collections, which is now approximately 42 percent of current child support. For those who receive small amounts of child support, the new policy when fully phased in will result in less child support available to the custodial parent than was the case under the "DEFRA" policy that preceded the pass-through and governed child support for AFDC recipients. Under that policy, an AFDC participant who received \$50 in monthly child support kept all of that child support. Under the new policy when fully phased in, the recipient will keep 42 percent of the \$50 (or \$21). Similarly, under the old policy, an AFDC participant with \$100 in child support would have kept the first \$50, whereas under the new policy when fully phased in, the W-2 participant receiving \$100 in child support will keep \$42. Those receiving more than about \$118 in monthly child support will do better under the new policy than they would have under the DEFRA policy,

though of course not as well as under the policy of full pass-through. Families receiving \$250 under the current full pass-through policy will receive about \$105 after the new policy is fully phased in.¹

The general responses of the staff and managers we interviewed suggested that they believed that recent applicants for W-2 are quite aware that they currently keep all child support paid on their behalf. This finding is in apparent conflict with responses to the CSDE survey, which do not suggest that most survey respondents understood the new pass-through policies. However, the interviews with W-2 and child support agency staff asked them to assess the knowledge of recent applicants, not those, in contrast to the survey, who had entered W-2 in its early phases. It could be that expectations and understandings were different among recent applicants. It could also be that staff in the interviews of 2002 and 2005 were reflecting discussions with the share of W-2 applicants who understood the new policy, and that other applicants simply signed the Notice of Assignment form without understanding it or giving W-2 staff much opportunity to learn about their lack of understanding.

FINDINGS FROM THE INTERVIEWS

1. Our general conclusion from these interviews is that staff believe that W-2 participants since 2002 were quite aware that they would be able to keep all current child support paid on their behalf if they received W-2 cash assistance. When asked in 2005 whether W-2 applicants understood that they would be able to keep all their child support if they received W-2 cash assistance, several W-2 agency staff answered with almost the same words: “Why would they think otherwise?” By the time of our interviews in 2005, it had been 8 years since the old treatment of child support under AFDC had ended and 3 years since any W-2 recipients received a partial pass-through. It may thus not be surprising that, by

¹The exception to this treatment of collections would be W-2 cases that have no arrears owed to the state and that receive, perhaps through a tax intercept, more than their W-2 benefit for the current month. In that case, the state would withhold an amount equal to approximately 58 percent of their W-2 benefit, and all other child support in that month would go to the family.

that time, W-2 staff and managers reported that most W-2 applicants just assumed that they would be able to keep all their child support.

Staff interviewed in 2005 also reported that many W-2 participants seemed to have a quite detailed understanding of many program rules that were immediately relevant to them, not just rules concerning the pass-through. Staff in Dane County, for example, described how participants in the Caretaker of Newborn program who were cohabiting with the father knew how to time their first telephone call to the child support agency so that they would be early enough to show the needed cooperation with child support but late enough so that their first interview with child support staff would not occur until after their three months of W-2 eligibility had ended.

Interviews we conducted in 2002, just after the experiment was stopped, suggested that staff outside Milwaukee believed that new participants then were also aware that they could keep all their child support while receiving W-2 cash assistance. W-2 staff in the smaller and medium-sized counties reported in 2002 that all their current applicants expected to receive all the current child support that would be collected on their behalf, even while they received cash assistance. Agency managers and staff in these counties noted that current W-2 participants were not from the “same generation” as those who converted to W-2 from AFDC, and said that new W-2 participants often perceived the full pass-through as part of a “package” under which child support received by custodial parents is not taxed by the IRS or calculated for W-2 or Wisconsin Shares eligibility determinations.

In contrast, fewer Milwaukee County W-2 agency staff members were aware in 2002 that the pass-through experiment had ended. They also reported that they were unlikely to discuss the pass-through of child support with participants if the participants did not bring it up. Resource specialists at the two agencies we visited in 2002 had stopped requiring participants to complete the Notice of Assignment form, and they reported that they did not know what applicants expected regarding the treatment of child support. All the outstationed child support workers knew about the pass-through experiment, but, in early

August 2002, were not uniformly aware that the pass-through demonstration had ended on July 1. They also did not uniformly discuss with W-2 applicants how current child support would be treated.

Still, even in Milwaukee County in August 2002, child support agency managers reported that a significant percentage of custodial parents were aware that they were now eligible to receive all current support collected. (Some of the parents presumably found this out when they began receiving W-2 cash assistance and child support in the same month.) Child support managers said that parents must have known about the pass-through because custodial parents began appearing at child support hearings much more frequently and arguing for their preferred child support outcomes more forcefully after the CSDE began. In the judgment of child support managers, this change implied that W-2 recipients viewed current child support receipts as entirely their own, not belonging to the government.

2. Both W-2 agency and child support agency staff believe that a relatively small percentage of W-2 cash participants receive child support and are therefore directly affected by the pass-through and disregard. W-2 staff report that most W-2 participants realistically expect to receive little child support, at least over the next few years. It was common for Financial and Employment Planners (FEPs) in small and medium-sized counties to say that none of their cases received child support, and that a large share of their cases were Caretakers of Newborns who, if they did receive child support, would likely receive it after their three months on W-2 was over. One FEP in a medium-sized county said she currently had about 10 W-2 cases receiving a cash grant and that just one of them (a W-2 Transitions case) received any child support. Her supervisor said that, of the other two FEPs in the agency, one served just Hmong families, and most of those were two-parent families in which child support would not be ordered. He estimated that the other FEP probably also had a caseload of 10, with at most one receiving any child support. Even a supervisor in a larger county reported that “I think we have so few people that receive very much” child support that the end of the pass-through “probably would not make a big difference” to most W-2 participants.

There are exceptions, however. The type of W-2 participant most frequently mentioned as likely to receive child support are those who are divorced, have a work history that was interrupted by a temporary health condition, and receive W-2 Transitions benefits during their period of temporary disability. Since W-2 Transitions cases are an increasing share of total W-2 cash assistance cases, having grown from 37 percent of cash assistance cases in September 2000 to 45 percent of cash assistance cases in September 2005, it may be that the pass-through of child support would become a relevant issue for a larger share of W-2 cash assistance cases in the future.²

3. Child support agency managers in Milwaukee expressed concern that, for those who receive small amounts of child support, the new policy when fully phased in will result in less child support available to the custodial parent than was the case under the "DEFRA" policy that preceded the current pass-through. One staff member wondered whether the federal government might approve a policy for everyone that is more similar to the policy governing the control group under the CSDE experiment, although that would be more complicated to explain and, perhaps, create some of the timing concerns discussed in point 7, below.

4. W-2 staff who were interviewed in 2005 viewed the end of the full pass-through as unfortunate for W-2 participants, whether they receive child support or not. W-2 staff noted that initial discussions about how W-2 could potentially help participants were facilitated by the full pass-through. The message, as one FEP supervisor reported, was "Not only will you get [all] your child support, but we can also help you" through the provision of W-2 services and cash. The discussion of the full pass-through thus placed the tenor of the discussion of other aspects of W-2 on a more positive footing. The same supervisor reported that recipients viewed the loss of child support as a "penalty" that interfered with an important avenue for escaping public assistance. "That's how they saw it," said the supervisor, "when I was a case

²There were 2,510 W-2 Transitions cases out of 6,772 cash assistance cases in September 2000, and 3,513 W-2 Transitions cases out of 7,882 cash assistance cases in September 2005.

manager, they'd say 'I wouldn't even need to be here if I could just get my child support.' And they'd say that time and time again."

Several FEPs and W-2 supervisors also noted that a small share of W-2 clients will lose a significant portion of their monthly income stream when the pass-through ends. One supervisor in Milwaukee stated, for example, that a W-2 participant receiving \$250 in child support under the pass-through will receive just \$105 after the phase-out is completed. She said that a loss of \$145 in monthly income is "significant. I mean it would be significant to me, you know, to lose that much out of my budget and ... put that into families who are already vulnerable. I think it's going to be a huge impact, I don't know that we can fully speculate on what all that might be." Although staff were appreciative of state efforts to terminate the pass-through gradually over a phase-out period, several also noted that the beginning of the phase-out will occur in January, just as W-2 participants begin to pay any Christmas bills.

5. Except for the managers at the Milwaukee County child support enforcement agency, who reported increased cooperation, respondents said they were unable to assess whether the pass-through motivated custodial parents to cooperate or motivated noncustodial parents to pay. Most staff said that the cooperation of custodial parents was good even without the pass-through. Staff noted exceptions, in which parents worry that formal enforcement will interfere with informal support that the noncustodial parent is providing, or create new pressures from an antagonistic noncustodial parent, but normally, as one FEP reported, "They're actually, I think, kind of glad because somebody else is intervening to try to get that child support income that they need."

In our interviews during 2002, child support agency managers noted that they had experienced an initial surge in interest in child support from custodial parents when the W-2 program and the new pass-through were initiated. However, the simultaneous timing made it difficult to judge whether the surge derived primarily from concerns over the loss of entitlement to a guaranteed AFDC check or new interest in child support because of the pass-through.

Milwaukee County child support managers were much more positive in their assessments of the influence of the pass-through on the willingness of custodial parents to cooperate. They noted in both 2002 and 2005 that the pass-through had made custodial parents more interested in cooperating with child support. “One way of knowing that,” said a high-level Milwaukee County child support official in 2005, “is that our paternity establishment statistics have gone way up. And one reason for that is that we tell everybody that you better cooperate because you’re going to get all the money” that is collected.

The different assessment of the effect of the full pass-through in Milwaukee County could have primarily reflected the much greater number of people receiving cash assistance and therefore subject to the direct influence of the pass-through. Other factors could also have operated, since child support in Milwaukee County changed in other ways at about the same time. For example, more than in most counties, Milwaukee County child support managers report that judges have recently been more likely to hold an order open if the mother does not want one set or if the agency does not have reliable income data for the noncustodial father. Such practices may reduce the risk to fathers of having paternity established for their children, thereby perhaps increasing the willingness of custodial parents to cooperate with the paternity process.

Child support managers both in Milwaukee County and the rest of the state have consistently doubted that the pass-through motivates noncustodial parents to pay. The director of a small child support agency said in 2005 that staff never hear noncustodial parents say, “‘I hope you can get this to her faster, because she really needs the money.’ I mean that kind of thing probably doesn’t happen.” A director of a mid-sized county, when asked whether noncustodial parents seemed more inclined to pay because their children received all their current child support, said “No sense of those conversations. I haven’t run across that.” The high-level Milwaukee County child support official also saw no evidence of an increase in the willingness of noncustodial parents to pay owing to the pass-through.

A Milwaukee County child support paralegal who had at one time been stationed at the county House of Corrections offered a slightly different perspective. The paralegal reported that fathers at the

House of Corrections were very interested in knowing whether all the money they pay goes to the family, but expressed skepticism that the current support they pay really all goes for that purpose. “In the back of their minds,” the paralegal said, the fathers at the House of Corrections “still don’t believe that it’s going [to their children]. For some reason they don’t believe that, you know [they say] ‘oh yeah, sure, sure.’ ‘No, really [I say] it goes all, all of it goes to ... the child support.’ And, you know, they have a really hard time believing that.”

6. Staff were willing to make some predictions about how custodial parents would respond after the pass-through is fully phased out. One prediction concerned W-2 caseloads. For custodial parents who receive, or expect to receive, significant child support while on W-2 cash assistance, W-2 will be of lower net value. All else equal, this should result in fewer custodial parents who want to be on the W-2 caseload, just as some W-2 staff recalled that members of the old control group were more likely to decline W-2 cash benefits than was the group receiving the full pass-through.

A second prediction is that child support collections will also be considered less valuable. Milwaukee staff believe that this could reduce cooperation, although child support staff in other counties do not report that concern. Child support staff in other counties do, however, expect custodial parents receiving W-2 cash benefits to be more willing to stipulate that they are cohabiting with the noncustodial parent, thereby staying the order, since it has lower real value for W-2 cash recipients.³

A final prediction concerned demands for child support enforcement when the parents are not cohabiting. Several FEPs and child support staff believed that custodial parents become accustomed to an income flow, and that they will respond to an interruption of that flow by requesting more vigorous enforcement. They believe, for example, that custodial parents sometimes know of additional earnings, such as from a weekend job, that noncustodial parents are accruing, but do not report that as long as child

³Such a practice may create a problem for W-2 participants residing in jurisdictions in which the W-2 agency typically finds at least one of the parents in a cohabiting relationship to be job-ready, thereby making the household ineligible for W-2.

support from other income sources is reasonably stable. If the termination of the full pass-through causes their monthly income to drop markedly, parents who know about other sources of income may be more likely to report it. If the standard response of child support agencies is that orders are reviewed and modified only every three years, custodial parents who have seen their income drop may push for an earlier review and modification.

7. Several staff expressed concerns with timing issues. Some recalled that, during the CSDE experiment, a critical difference between people who received the full and partial pass-throughs was in the timing of their payments. Custodial parents receiving the full pass-through could receive nearly immediately all the money paid for current support. In contrast, those receiving a partial pass-through had to wait until the end of the month for a reconciliation that was necessary primarily to assure that the parent received \$50 in child support or 41 percent, whichever was higher. The reconciliation may not be necessary if custodial parents receive a flat percentage of all current child support, and some respondents hoped that that would be the case.

Another timing issue that generated concern involved the KIDS/CARES interface. Several of the W-2 staff recalled that custodial parents who were receiving a partial pass-through and who left a tier of W-2 in which they received cash assistance had to wait several months before the KIDS files were updated and they received all their child support. The respondents who expressed this concern hoped that the interface would be faster under the new pass-through policy.

CONCLUSION

Comments by W-2 and child support agency staff suggest that the policy of passing-through all current child support matches the philosophy of personal responsibility emphasized by the state's TANF program. According to respondents in Milwaukee County, which has the largest concentration of families affected by the pass-through, the adoption of the pass-through has increased custodial parent cooperation in the establishment of child support. Staff in several counties also noted that the pass-through policy facilitates the efforts of W-2 case managers to build constructive relationships with program applicants. If

these staff are correct, the benefits of the pass-through policy extend beyond the immediate financial gain experienced by families who receive it, helping to improve the cooperation of program participants with both W-2 and child support agency staff.