



A comparison of intergovernmental and private agency collection of child support arrears



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ABSTRACT

Child support payments are intended to improve children's wellbeing by securing financial support from noncustodial parents. Payments in arrear are a significant problem, however, particularly when parents live in different states. Using a mixed-methods design, we compared the effectiveness of a private collection agency to a state agency managing intergovernmental child support cases over a 12-month period on: (1) the techniques, strategies, and methods used for child support enforcement, (2) the total amount of arrears collected, (3) the number of total payments collected, and, (4) the percentage of arrears collected. Though interviews revealed that employees working for the private agency and intergovernmental systems differ substantively in their collection philosophies, strategies, and enforcement tools available, quantitative results showed few differences between the agencies in arrears collections.

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1. Introduction

In the United States, relationship dissolution and non-marital childbearing have led to a growing number of children being reared in single-parent households. About 27.3% of all children under the age of 21 currently reside in single-parent households, and most of these children (82.5%) reside with their mothers (Grall, 2016; Kreider, 2011). Many single parents and the children living with them are economically vulnerable, in part because nonresidential parents often do not provide financial support, even when legally obligated to do so. These unpaid orders are referred to as arrearages. In 2013, only 68.5% of the \$32.9 billion child support owed in the United States was paid as ordered (Grall, 2016), and total accumulated arrearages in child support since 1975 have been estimated at \$112 billion (Office of Child Support Enforcement, 2015).

There are many advantages to states and families when noncustodial parents pay ordered child support. For families, effective child support enforcement is related to decreased poverty, nonmarital childbearing, and food insecurity (Garasky & Stewart, 2007; Huang & Han, 2012; Plotnick, Garfinkel, McLanahan, & Ku, 2006), increased involvement and regular employment by noncustodial fathers (Huang, 2006; Nepomnyaschy, 2007; Rich, Garfinkel, & Gao, 2007), and improved childhood cognitive ability (Argys, Peters, Brooks-Gunn, & Smith,

1998). At the state level, compliance is related to lower state welfare use by custodial parents and children (Huang & Han, 2012; Huang, Kunz, & Garfinkel, 2002). Using the National Longitudinal Survey of Youth 1979–1996, Huang et al. (2002) found that women in states that adopted comprehensive child support enforcement legislation in the areas of establishing paternity, obtaining an award, and collecting payments were 79% more likely to exit welfare than their peers in states with less effective legislation. Mothers in these states were also 60% less likely to re-enter welfare over the 18-year study period.

When parents do not pay ordered child support, collection often becomes the responsibility of state governments. Most arrears are owed by a small number of noncustodial parents; a 2007 study of nine states indicated that 11% of noncustodial parents accounted for 54% of the total arrears for those states (Sorensen, Sousa, & Schaner, 2007). Such challenging cases often occur when the noncustodial parent has moved across state lines, leading to the involvement of intergovernmental agencies. Such cases are sometimes referred to as the “black hole” of child support (Powers, 2012). Collecting from intergovernmental cases is one of the most challenging enforcement activities facing any state agency with the duty of managing child support collection and disbursement. Although nearly 33% of all U.S. child support cases are intergovernmental, in 2011 intergovernmental orders comprised only 6% of total collections (Solomon-Fears, 2013). While federal guidelines and policies exist that help to create some uniformity in child support laws and enforcement in such situations, there are substantive differences between states in how child support is calculated and collected

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(Cassetty & Hutson, 2005; Venohr, 2013). For example, states may vary in how they handle parents who have children with multiple previous partners, with some prioritizing collected child support for first-born children, some privileging the economic status of current residential children, and others requiring more equal dispersion across households of a parent's funds (Brito, 2005). States also vary in charging interest on case arrears, assessing and collecting retroactive child support, and allowing parental payments to pass-through directly to custodial parents before diverting the funds to cover other government expenses (e.g., TANF benefits for a given family; Pirog & Zioli-Guest, 2006; Sorensen et al., 2007). All of the child support enforcement systems in the 54 states and territories (Guam, U.S. Virgin Islands, Puerto Rico, and District of Columbia) that make up the intergovernmental child support system in the United States differ from each other (Pirog, Elliott, & Grieshop, 2003; Pirog & Zioli-Guest, 2006). These differences can delay and hinder the ability of state agencies charged with child support collection and disbursement (Powers, 2012).

1.1. The intergovernmental child support collection system and IV-D agencies

In 1975, the contemporary intergovernmental child support collection system was created by Federal law through Title IV-D of the Social Security Act (Pirog & Zioli-Guest, 2006). The program sought to increase family and child wellbeing by creating means for federal, state, and local authorities to collaborate in establishing and enforcing child support orders (Pirog & Zioli-Guest, 2006). Many states now have IV-D agencies with specific mandates to provide child support services and enforcement. After the enactment of Title IV-D, child support collections grew considerably, skyrocketing from \$511.7 million in 1975 to \$22.5 billion in 2013 (Pirog & Zioli-Guest, 2006; Grall, 2016). The percentage of collections made by state agencies also has grown considerably, from 23% of total child support collected by IV-D state agencies in 1978, to 87% in 2001 (Pirog & Zioli-Guest, 2006). Although largely successful by these measures, state and federal legislators have regularly worked to adjust child support collection and enforcement as large arrears continue to remain a challenge (Cassetty & Hutson, 2005; Pirog & Zioli-Guest, 2006). Identifying effective ways to collect child support continues to be a priority for many states; child support compliance has declined in recent years and arrears continue to increase (Grall, 2016). Given constricting state budgets and ongoing struggles in child support collection, some states have begun contracting with private agencies to oversee collection of child support from parents (Shorman, 2014).

1.2. Privatization of child support enforcement

Federal, state, and local governments have long subcontracted with private agencies to deliver services to families, and the trend of privatizing state services increased throughout the 1990's and 2000's (Auger, 1999; Wells, Jolles, Chuang, McBeath, & Collins-Camargo, 2014). Historically, much of this privatization has occurred in the areas of child welfare, foster care, mental health, and adoption services (Chuang, Collins-Camargo, McBeath, Wells, & Bunker, 2014; McCullough & Schmitt, 2000). The reasons for these shifts have varied, but often the motivations for contracting with private agencies have been criticism of the capability of public organizations and a belief that private agencies are generally more agile and better prepared to quickly address modern technological and social challenges than are state agencies (Flaherty, Collins-Camargo, & Lee, 2008). The actual results of these transitions from public to private agencies, however, have been mixed. Some states, such as Florida, have experienced success in integrating privatization with state efforts to decrease the number of children in foster care and increase intensive in-home services (Martin, 2005; Snell, 2012). Other states, such as Nebraska, have had rougher transitions, poorer outcomes, and less success integrating privatization into government services (Snell, 2012). In general,

performance-based contracts with private agencies in which expected levels of performance are specified and payment is dependent on outcomes have been most successful in increasing positive outcomes (Martin, 2005; Flaherty et al., 2008).

More recently, there has been increased interest in understanding the effectiveness of private agencies compared to state agencies on the collection of child support. Some states (e.g., Kansas) have contracted child support enforcement to private agencies, and other states are considering privatizing child support. To date, however, there is no research evidence supporting the efficacy of such a policy, and many researchers have stressed the need for comprehensive and data-based evaluations of privatization (Flaherty et al., 2008).

1.3. Current study

Determining how to increase the collection of child support arrears in intergovernmental cases is a task that should be of interest to policymakers and social scientists investigating ways that public policy can improve children's financial wellbeing. Missouri serves as a useful test-case given its central geography within the U.S. and its use of common statutes (an income-shares model and gross income base) for calculating child support obligations (Venohr, 2013). In this exploratory study, we compared the effectiveness of subcontracting with a private collection agency to the Missouri IV-D state agency management of intergovernmental child support cases, and investigated the following research questions: (1) How does a private collection agency compare to the intergovernmental system in the techniques, strategies, and methods used for child support enforcement? (2) Can a subcontracted private collection agency collect more child support from high arrears intergovernmental cases than the usual processes of the intergovernmental system?

2. Methods

To address these questions, we utilized a combination of qualitative semi-structured interviews and a nonequivalent (pretest and post-test) control group quantitative analysis in a convergent parallel mixed-methods design (Creswell, 2014). In this design, both qualitative and quantitative data were simultaneously collected and analyzed, then subsequently compared, before making final interpretations (Creswell, 2014). The first research question was answered by analyzing qualitative interviews with agency staff members from a private collection agency and a state IV-D agency. The second research question was addressed with quantitative data drawn from arrears cases from Missouri, which were assigned to either a private agency collection group (the experimental group) or to a group that remained in the standard intergovernmental collection procedures (the control group). Both qualitative and quantitative data were used to inform one another and strengthened our interpretation of results. For instance, as the study progressed, we examined trends in the source of collections (e.g., direct payments, liens), and interviews with staff from each agency were utilized to help us make sense of why and how these collections were occurring. Later in the study, we used staff descriptions of collection techniques and legal barriers to collections to help direct the final quantitative analyses and interpretations of findings. All procedures were approved by a campus Institutional Review Board, and informed consent was obtained from all study participants. The results are presented anonymously in order to protect participant identities.

2.1. Qualitative semi-structured interviews

2.1.1. Procedure

To evaluate differences in the techniques, strategies, and methods used in child support enforcement, in-depth semi-structured phone interviews were conducted with staff members of a private child support collection agency and a state IV-D agency managing intergovernmental

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