

Arrears Management for Low-Income Noncustodial Parents

Evaluation Report

February 2004

Prepared by the Center for the Support of Families, Inc. for
The Minnesota Department of Human Services, and
The Hennepin County Child Support Division.

Funding provided in part by a Section 1115 Demonstration Grant from the
U.S. Department of Health and Human Services,
Grant No. 90FD0071.



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Reference:

Pukstas, K., Albrecht, D., Auten, L., Drew, V., & Dabruzzo, S. (2004). *Arrears Management for Low-Income Noncustodial Parents Evaluation Report* (Grant No. 90FD0071). St. Paul, MN: Minnesota Department of Human Services.

ACKNOWLEDGMENTS

Many individuals worked together to successfully implement this demonstration program and to help design a useful program evaluation. In addition to the names listed here, we would also like to recognize the administrative support staff of the participating organizations who generously offered their time and assistance when it was most needed.

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EXECUTIVE SUMMARY

This report details the results of a demonstration program conducted by the Minnesota Department of Human Services and the Hennepin County Child Support Division. The program targeted low-income noncustodial parents who have accumulated substantial public assistance child support debt and have continuing child support obligations. These noncustodial parents were offered an opportunity to participate in a debt-forgiveness program whereby public assistance arrears would be forgiven in exchange for regular child support payments.

This report presents the results of a comprehensive evaluation conducted by the Center for the Support of Families, Inc. The key research findings described more thoroughly in this report include:

I. Administrative Challenges

- Implementation of the debt-forgiveness program required substantial efforts both to reach eligible noncustodial parents and enroll them into the program. Significant resources needed to be expended on development of educational and marketing materials for the program. With these efforts, the program was able to elicit a response from 324 out of 842 eligible noncustodial parents. Of those responses, 139 noncustodial parents eventually enrolled.
- A significant amount of staff time was required to effectively administer the debt forgiveness program. In addition to the workload requirements of any child support enforcement caseload, the Child Support Officer for the demonstration program also had to recruit, screen and enroll the noncustodial parents. Once enrolled, noncustodial parents had to be regularly monitored on their compliance with the terms of their legal agreement. To accomplish this, the Child Support Officer also had to maintain accurate and up to date arrears balances based on the noncustodial parents' performance.
- The administration of a larger scale debt-forgiveness program could be simplified with modifications to the State's computer system. Since the child support enforcement database is organized around individual cases composed of the custodial parent and the

child or children, it could not be easily modified to provide needed information about individual noncustodial parents in a readily accessible format. The result was that essential information about every noncustodial parent's performance in the demonstration program had to be manually tracked by the Child Support Officer.

II. Profiles of the Noncustodial Parents

- There were 324 eligible noncustodial parents who expressed an interest in joining the demonstration program. The respondents were mostly male and on average 37 years old with an annual income of \$11,203. In the six months prior to contacting the child support program, about one third had been working full-time, one third had been working part-time, and another third had been unemployed.
- Many noncustodial parents reported significant employment barriers including an insufficient employment history, no high school diploma/GED, or a driver's license that was currently suspended or revoked.
- There were 121 noncustodial parents who participated in the demonstration program. On average, their annual net income was \$12,684 or \$1,057 a month. Their total child support obligations averaged \$468 a month.¹ Each participant had on average \$20,494 in total arrears with \$12,264 consisting of public assistance arrears and \$8,230 consisting of non-public assistance arrears.²
- At enrollment, the noncustodial parents reported very high levels of understanding their child support obligations. Most were bothered by their current level of child support debt and reported that debt forgiveness was important to them. Almost 90% were either extremely or moderately confident that they could succeed in the program.

¹ Total monthly child support obligation is for ALL cases. Participants were required to make regular monthly payments of current support in all their child support cases.

² There remain 18 noncustodial parents still active in the program; however, their small numbers are not anticipated to skew the results presented in this report.

III. Program Outcomes

- Overall the program had a 24% success rate. For every noncustodial parent who successfully completed the program, there were three noncustodial parents terminated from the demonstration program for not making regular child support payments.
- Noncustodial parents who reported that they were extremely confident that they would succeed in the program were not found to have a higher success rate than those who were less confident. There was no relationship between the noncustodial parents' attitudes at enrollment with their eventual success or failure in the program.
- Three factors were found to predict the success or failure of a participating noncustodial parent. The higher a noncustodial parent's income, the more likely he/she is to succeed. The higher the amount of arrears that can be forgiven for a noncustodial parent as part of the program, the more likely he/she is to succeed. The lower the required monthly child support payment, the more likely a noncustodial parent is to succeed. Of the three factors, the amount of the required monthly payment appeared to be the most influential on a participant's outcome.
- The majority of participants did not have a previous default order in their case histories. Those who were terminated from the program were not more likely to have a default order than those who succeeded in the program. However, noncustodial parents with previous default orders were found to have higher required monthly payments.
- Outcomes for the participating noncustodial parents were found to be the same whether their debt was forgiven in two large increments or more gradually over the course of the program.

IV. Recommendations

Recommendations to other county or statewide child support agencies that are looking to implement a debt-forgiveness program are listed below.

- **Assign specific staff to work debt-forgiveness cases.** While there may be short-term costs in the initial transfer of cases, ultimately there are efficiencies achieved by having one or a few dedicated debt-forgiveness staff operating the program.
- **Coordinate relevant support services with the administration of debt forgiveness.** Program participants reported significant employment barriers, a lack of training and education, or a variety of other social problems. Coordination with other service providers takes advantage of specialized staff that already exist in the community and provides noncustodial parents with access to more services.
- **Maintain close monitoring of program participants.** Monitoring assures noncustodial parents' compliance with the terms of the debt-forgiveness agreement and provides an opportunity for positive and negative reinforcement for the participants, which can affect program outcomes.
- **Automate processes that are essential for program management.** While there are short-term costs for the initial investment, a data system that can be easily configured to provide up-to-date information on noncustodial parents would provide long-term benefits to this and other aspects of the child support enforcement program.
- **Consider alternative or additional/complementary strategies.** Based on the findings of this demonstration, future debt-forgiveness programs should consider incorporating one or more of the following strategies into their program design.
 1. Combine debt-forgiveness strategies with processes that confirm that the current child support obligation reflects the noncustodial parent's current ability to pay. In circumstances where the obligation is determined to be too high, there should be policies that support a review and modification of the order.
 2. Combine debt-forgiveness strategies with employment support services that would help to increase a noncustodial parent's self-sufficiency.
 3. Identify strategies that would increase the amount of debt that could be forgiven as part of the debt-forgiveness program, thus increasing the likelihood that a noncustodial parent would successfully complete the program.

- **Consider revising the requirements of the program.** The only requirement of the demonstration program was that the noncustodial parents pay their full child support obligations on a regular basis. Future debt-forgiveness programs could consider alternative requirements as either a substitute or a complement to payments. For example, the noncustodial parent could be required to participate in employment training or attend parenting classes.
- **Coordinate with the courts.** The courts play an important role in ensuring that child support orders are initially affordable and can help minimize the accumulation of arrears through review and modification. Without cooperation with the court system, debt-forgiveness strategies will be limited to addressing the consequences rather than the root causes of accumulating child support debt.
- **Determine structural factors leading to accumulation of arrears.** Participants in the debt-forgiveness program reported several factors that contributed to the accumulation of their child support arrears. These included unemployment or underemployment and health and education issues. It is important to understand and address the structural factors that may be leading to the ongoing accumulation of child support arrears.

The remainder of this report provides a comprehensive description of the debt-forgiveness program for working with low-income noncustodial parents, including background information, evaluation design, evaluations results, payment activities, implementation options, recommendations, and participant profiles.

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SECTION 1: PROGRAM BACKGROUND

The study of intervention strategies for working with low-income noncustodial parents in Minnesota is timely and important. Nationally, arrearages reported by state child support programs exceeded \$92 billion³ in 2002, a sum that is staggering and frustrating to policymakers, program administrators, and parents. Additionally, studies by the Office of Inspector General report that low-income noncustodial parents who never had—and likely will never gain—the financial resources to pay child support owe a large portion of this debt.⁴

Child support arrearages in Minnesota have increased in the past four years. The Minnesota Department of Human Services has acknowledged the need to better understand the causes for the accumulation of this debt and to explore policy options that could reduce these amounts. The consideration of new intervention programs is an important first step in trying to control a figure that has grown by an average of 10.85% annually.⁵

One potential strategy to address debt accumulation is to establish a debt-forgiveness program (also known as debt-compromise or arrears-forgiveness). Debt forgiveness refers to the practice of negotiating and settling a child support debt, usually for an amount that is less than was originally owed. In Minnesota, forgivable debt is confined to debt that is permanently assigned to the State (classified as “Public Assistance” debt or “PA”). No debt that is owed to custodial parents can be included in a debt-forgiveness program. An overview of the issues related to debt forgiveness was recently reported to the Minnesota Legislature in a study directed by the Minnesota Department of Human Services.⁶ The report indicated that small scale debt-

³ Child Support Enforcement (CSE) FY2002 Preliminary Data Report, Table 10: Total Amount of Arrearages Due, FY 2002 (April 2003). This table reports information from OCSE-157 line 26 and may be found at http://www.acf.gov/programs/cse/pubs/2003/reports/prelim_datareport/table_10.html. Minnesota reports \$1.2 billion in arrears, of which less than \$200 million is owed on behalf of individuals who currently received TANF; the balance was due either former assistance clients or those who never received welfare benefits.

⁴ Office of Inspector General, U.S. Department of Health and Human Services, *State Policies Used to Establish Child Support Orders for Low-Income Noncustodial Parents*, OEI-05-99-00391 (2000) and *The Establishment of Child Support Orders for Low-Income Noncustodial Parents*, OEI-05-99-00390 (2000) (companion reports).

⁵ FY 2000-FY 2003.

⁶ Hennessey, J.A. and Venohr, J. (2000). *Exploring Options: Child Support Arrears Forgiveness and Passthrough of Payments to Custodial Families*. Policy Studies, Inc.

forgiveness negotiations were already being tried by several counties across Minnesota with some early indications of success.

A successful debt-forgiveness program can benefit the noncustodial parent, the custodial parent and children, and the State. First, a successful debt-forgiveness program can relieve the burden of substantial child support debt for a noncustodial parent. Second, the custodial parent and children can benefit from the regular monthly support payments, which, it is hoped, will extend beyond the required duration as regular child support. Lastly, the State can benefit from a successful debt-forgiveness program. Reducing a state's arrears balances that have no reasonable hope of being collected can improve a state's ranking on federal performance measures, and therefore reduce the risk of penalties and increase the federal incentives to the state.

The relevance of a debt-forgiveness program for low-income, noncustodial parents is largely unknown. Given limited resources, low-income noncustodial parents have few assets with which they can negotiate. It is unlikely that a low-income noncustodial parent could make a large lump-sum payment in exchange for conventional debt-forgiveness. In addition, low-income noncustodial parents frequently report additional barriers to complying with child support enforcement programs, which include unstable employment, health, and educational barriers.⁷

The Minnesota demonstration program set out to explore the relevance of debt-forgiveness programs to a low-income noncustodial parent population. One of the primary eligibility requirements for noncustodial parent participation in the program is an annual net income that cannot exceed \$21,475. This income limit is 250% of the federal poverty level in 2001, which allowed the inclusion of noncustodial parents who were unemployed, as well as the working poor. Various public assistance programs employ income limits above 100% of the

⁷ Sorensen, E. and Zibman, C. (2001). *Poor Dads Who Don't Pay Child Support: Deadbeats Or Disadvantaged?* Urban Institute, Series B, No. B-30, April.

federal poverty level and some research indicates that an income significantly higher than the official poverty level is needed to support an individual in a metropolitan area.⁸

There are many challenges to designing an intervention program targeted towards low-income noncustodial parents. The determinants of how low-income noncustodial parents begin to generate considerable child support arrearages are both numerous and complex. The causes of accumulated debt are far more complicated than insufficient funds on the part of the noncustodial parent. Researchers, child support practitioners, and policymakers have identified the following factors as contributing to accumulation of arrears by low-income noncustodial parents:⁹

- Default orders using imputed income or “the reasonable needs of the children” as defined by the state welfare payment rather than basing the child support obligation on the noncustodial parent’s actual income pursuant to state child support guidelines;
- Retroactive support, welfare reimbursement, birthing costs, genetic testing, and other fees added to the ongoing support obligation;
- Interest charges and application of payment distribution rules that compound the debt;
- Failure of the noncustodial parent to request modification of their current child support obligations when their employment situation changes for the worse;
- Employment that is often part-time, transient, minimum wage, or in the informal economy;
- Perceived lack of incentive to work, as many low-skilled noncustodial parents face child support obligations that exceed their ability to pay;¹⁰

⁸ Cederberg, H., Ristau, K. & Steuernagel, B. (2001). *The Cost of Living in Minnesota*. JOBS NOW Coalition.

⁹ See, e.g., *Managing Child Support Arrears: An Evolving Discussion Framework* (OCSE 2002 and 2003) summary of the meetings on managing arrears by states in OCSE Regions I, II, and III (the Northeast Hub); *Dollars and Sense: Improving the Determination of Child Support Obligations for Low-Income Mothers, Fathers and Children*, National Women’s Law Center and Center on Fathers, Family, and Public Policy (2002); Vicki Turetsky, *Realistic Child Support Policies for Low Income Fathers*, Center for Law and Social Policy (Kellogg Devolution Initiative Paper, March 2000); Paula Roberts, *An Ounce of Prevention and a Pound of Cure: Developing State Policy on the Payment of Child Support Arrears by Low Income Parents* (CLASP 2001); OIG reports in fn 2, *supra*.

¹⁰ Ronald B. Mincy, Ed., *The Unfinished Business of Welfare Reform: Counteracting 20 Years of Employment Declines Among Low-Skilled Men*, National Center for Strategic Non-Profit Planning and Community Leadership, Columbia University (2002) at 2.

- Lack of a stable address at which the noncustodial parent will receive agency correspondence or court notices;
- Multiple family obligations with competing demands on the noncustodial parent's time and financial resources;
- The impact of incarceration either in establishing default orders or after sentencing;¹¹
- Lack of legal authority to expunge even public debt or to retroactively modify a support order when a noncustodial parent becomes incarcerated.¹²

Many of these factors were considered in the development of the Minnesota demonstration program. This project also gave noncustodial parents the opportunity to answer for themselves as to what issues contributed most to their debt accumulation.

Understanding that default orders can contribute to the accumulation of arrears, information on default orders was collected and included in the analyses. Default orders are entered when the obligor fails to appear at the hearing where the support obligation is established. While viewed as a necessary part of the justice system, default orders may also be the result of noncustodial parents' barriers to responding to a child support summons, which may in turn be similar to the barriers limiting the parents' ability to meet their child support obligations. In a 2002 survey of selected jurisdictions by Policy Studies, Inc., default rates were found to range from a low of 10% (Harris County, Texas) and 13% (New York City, New York) to a high of 62% (Maricopa County, Arizona) and 79% (Los Angeles County, California). The

¹¹ "Over 10 million children in the United States 'have parents who were imprisoned at some point in their lives.' In 2001, approximately 400,000 mothers and fathers will finish serving their prison or jail sentences and return home eager to rebuild their families and rebuild their lives." *Every Door Closed: Barriers Facing Parents With Criminal Records*, Center for Law and Social Policy and Community Legal Services, Inc. (2002) at 1, quoting Charlene Wear Simmons, *Children of Incarcerated Parents*, 7(2) California Research Bureau Note 2 (March 2000).

¹² Federal law provides that every child support payment installment becomes a judgment by operation of law as it comes due. It may not be modified for any period prior to the date a modification petition or motion has been filed and notice served on the opposing party. This is the so-called "Bradley Amendment," 42 U.S.C. §666(a)(9); 45 C.F.R. §302.70(a)(9).

rate found for Hennepin County, Minnesota, 19%, was on the low end of this spectrum, though still significant given that almost 1 in 5 orders are entered by default.¹³

Whether default rates are high or low, all have the potential to contribute to the accumulation of arrears. When the obligor fails to appear at a hearing or fails to document his/her income, his/her orders may be established with imputed income. A study by the Office of the Inspector General (OIG) reported that 35 states imputed income based on full-time employment, generally at minimum wage.¹⁴ In Minnesota, imputed income is based on a relatively higher standard, 150% of minimum wage. For low-income parents commonly working below that level, the reliance on imputed income for establishing child support orders could potentially lead to the accumulation of arrears.

Acknowledging the inherent challenges of working with a low-income population, the Minnesota Department of Human Services believed that debt-forgiveness programs should be evaluated as a potentially helpful approach for managing arrears and creating positive interactions between the child support agencies and the noncustodial parents. Success with this caseload could be crucial because low-income noncustodial parents contribute a significant amount to the accumulation of debt. Even as this demonstration program was being implemented in 2001, the Minnesota's arrears were totaling about \$1.1 billion. By the close of recruitment in 2003, the arrears number had grown to roughly \$1.4 billion.

Researchers have begun to quantify how much of unpaid child support is owed by low-income noncustodial parents and, consequently, the extent to which arrearages could not be collected, regardless of the best efforts of the child support programs. For example, a 2001 study of the \$14.4 billion in arrears owed by noncustodial parents in California found that \$8.1 billion is owed by individuals with annual incomes of less than \$5,000.¹⁵ This same study determined that California could expect to collect only about 25% of the \$14.4 billion of arrears over a 10

¹³ Legler, Paul, *Low-Income Fathers and Child Support: Starting Off on the Right Track*, Policy Studies Inc. (2003) at p. 13.

¹⁴ *State Policies Used to Establish Child Support Orders for Low-Income Noncustodial Parents*, OEI-05-99-00391 (2000a) FN 25, *supra*.

¹⁵ Elaine Sorensen and Chava Zibman, *Estimating How Much of California's Child Support Arrears Are Collectable Using State-Wide Data Bases*, October 2001 at 36.

year period and that an additional \$34 to \$39 billion of arrears would accumulate over the same period.

It is not surprising that the low-income segment of the child support caseload would have an unlikely chance of ever repaying their outstanding arrears balances. Taking this into account, the Minnesota demonstration program was designed so that noncustodial parents did not have to make large lump-sum payments as part of program participation. The only major requirement of the noncustodial parents was to pay their existing child support obligations on a regular basis.

To encourage compliance, participants who successfully met this requirement for 12 consecutive months would have their outstanding public assistance debt forgiven. This arrangement benefited the noncustodial parents but also helped reduce existing state arrearages that would arguably never be collected. Minnesota's debt-forgiveness program demonstrates an alternative approach to working with individual noncustodial parents with limited economic resources.¹⁶

The demonstration program offers a creative solution to avoid the accumulation of arrears and compromises existing debt in a way that fosters payment of ongoing current support obligations. By fostering ongoing financial support, research suggests that the demonstration project may also be fostering increased contact and emotional support between noncustodial parents and their children.¹⁷

It is hoped that additional state and county child support agencies will benefit from the results of this demonstration program. This information may help others to develop effective interventions for avoiding the creation of more arrears; to evaluate policies that encourage payment of current child support; and to consider strategies to manage existing debt in a comprehensive, realistic, and equitable manner.

¹⁶ A detailed account of the program design is contained in Appendix A.

¹⁷ Vicki Turetsky, *Realistic Child Support Policies for Low Income Fathers*, Center for Law and Social Policy (Kellogg Devolution Initiative Paper, March 2000).

SECTION 2: EVALUATION DESIGN

Given the complex policy environment surrounding the accumulation of child support arrears, the Minnesota Department of Human Services and the Hennepin County Child Support Division designed a demonstration program to promote the payment of ongoing support in exchange for eliminating some child support arrears. The effectiveness of this strategy would be evaluated by a third party, the Center for the Support of Families, Inc. This section outlines the evaluation design, which is the context for understanding the final results.

2A. EXPERIMENTAL DESIGN

The evaluation component of the demonstration project was structured as a formal experimental design, with appropriate experimental and control groups. This design was chosen to provide data that would not only describe the outcomes but would also identify the factors that contributed to the outcomes. In addition, the use of a control group allows for comparison of the results of the debt-forgiveness intervention to the results of taking no action.

Eligible participants for the demonstration program were first recruited by the Hennepin County Child Support Officer and were later assigned to the appropriate research groups.¹⁸ The first set of participants was recruited from a randomized computer-generated list of noncustodial parents. The second set of participants was recruited as volunteers who self-selected to join the demonstration program.

2B. ELIGIBILITY

Whether the recruited noncustodial parents came from the first or second set, all of them had to meet the eligibility criteria. To be eligible for the program, participants were required to have, 1) an open, charging child support case in Hennepin County, 2) a history of missed or irregular payments within the prior quarter, 3) debt of at least \$500 permanently assigned to the State, and 4) an annual net income of less than \$21,475.

¹⁸ A detailed account of program recruitment can be found in Appendices A and B.

Even if a noncustodial parent met the eligibility requirements, enrollment into the demonstration program was not automatic. The recruited noncustodial parent had to formally express his/her interest by completing a short response form. Once the response form was collected, the potential participant was assigned to either an experimental or control group.

2C. STRATEGIES FOR DEBT FORGIVENESS

For each respondent, three assignments were possible: Experimental Group A, Experimental Group B, or the Control Group. Only the members of the experimental groups would be eligible to have portions of their debt forgiven. There are two types of arrears balances: permanently assigned public assistance (PA) arrears and non-public assistance (NPA) arrears owed to the custodial parent. Only the public assistance arrears owed to the state of Minnesota could be forgiven.

The inclusion of two experimental groups makes it possible to evaluate different strategies for implementing a debt-forgiveness project. These two groups were defined:

- Group A: Upon enrollment, 50% of the debt would be forgiven. The remaining portion would be forgiven at the successful completion of the program (ongoing payments for the entire 12 months).
- Group B: Upon enrollment, 10% of the debt would be forgiven. Additional amounts would be forgiven over the 12-month period (10% initially, 10% after three months, 30% after six months, and the remaining 50% upon completion).

Those respondents who were assigned to either experimental group A or B were contacted by the Child Support Officer to attend an enrollment meeting (either in person or by phone). At this meeting, the noncustodial parents were presented with an overview of the program and were asked to sign a formal agreement.¹⁹ In addition, the noncustodial parents were asked to complete a short survey.

¹⁹ Copies of the agreement forms can be found in Appendices D and E.

Participants who signed a formal agreement were monitored on a monthly basis during their participation. The Child Support Officer tracked payments and forgave arrears balances when appropriate. In addition, participants in good standing had their driver's licenses reinstated if the child support agency had suspended the license on the cases included in the agreement. Also, the federal tax intercept enforcement tool was suppressed.

If the noncustodial parent successfully completed the terms of the agreement, any of the noncustodial parent's remaining public assistance arrears balance was forgiven. If the noncustodial parent failed to make regular child support payments, the parent would be terminated from the program after a warning period. Upon termination, any previous arrears that were forgiven as part of the demonstration project could be reinstated.

During the course of the demonstration program, the data was collected from four main sources:

- The initial response form (324 completed)
- The survey administered at enrollment (139 completed)
- A tracking sheet maintained by the Child Support Officer
- The PRISM database (Minnesota's statewide automated child support enforcement system)

Together these four data sources provided the information necessary to describe the demonstration program participants and the program's effectiveness as a strategy for working with low-income noncustodial parents. The results of the evaluation component are contained in the following sections.

SECTION 3: EVALUATION RESULTS

This section outlines the primary research findings of the evaluation component of the debt-forgiveness demonstration program. These include a comprehensive description of the program participants and the overall success rates for the debt-forgiveness program.²⁰

3A. PROGRAM PARTICIPANTS

During the course of the research project, 324 eligible, noncustodial parents responded to recruitment efforts and expressed an interest to join the demonstration program. These noncustodial parents completed a short response form, from which we can describe the sample of program respondents. The results of the response form provide details about those noncustodial parents who were the most responsive and the most accessible for participation in the debt-forgiveness program (**Tables 1 and 2**).

3A.1 Demographics

Respondents were on average 37 years old and mostly male. The majority of respondents were African American (54.7%), followed by another 29% reporting to be Caucasian. In the six months prior to completing the survey, about one third of the sample had been working full-time, another third had been working part-time, and a final third had been unemployed. The remaining sample members reported special circumstances that would have prevented them from working.

Consistent with the reported employment patterns, the average yearly income was very low (\$11,222). The largest proportion of the participants were in the lowest income bracket (less than \$5,000), with 76 noncustodial parents reporting no income for the year. The average respondent owed \$22,382 in both PA and NPA arrears. Of the PA arrears balances, 15% was the interest portion. For NPA arrears balances, 9% was the interest portion. Overall, the average amount of total arrears for these respondents is almost double their yearly income, an indication of both the challenge these individuals face in resolving their arrears and the potential benefit

²⁰ There remain 18 noncustodial parents still active in the program; however, their small numbers are not anticipated to skew the results presented in this report.

from participating in the program. The majority of the respondents did not have a default order in their case history (70.1%). Ninety-seven noncustodial parents in the sample had at least one default order. The average required monthly payment was \$515 a month. This amount covers all cases in Minnesota, including an arrears payment that is 20% of the monthly obligation for all obligation types.

Table 1: Characteristics of all of the Eligible Program Respondents (n= 324)

	Mean
Age	37 yrs
Income	\$11,223
PA Arrears Principal Portion	\$10,894
PA Arrears Interest Portion	\$1,991
Total PA Arrears	\$12,885
NPA Arrears Principal Portion	\$8,562
NPA Arrears Interest Portion	\$935
Total NPA Arrears	\$9,497
Total Arrears	\$22,382
Monthly Required Payment ²¹	\$515

Table 2: Characteristics of all of the Eligible Program Respondents (n= 324)

Characteristics	Percentage
Gender	
Male	96.9
Female	3.1
Default orders	
None	70.1
One	26.9
Two or more	3.0

²¹ As required by the agreement. Required payment covers all cases in Minnesota, including an arrears payment that is 20% of the monthly obligation for all obligation types.

Characteristics	Percentage
Race/Ethnicity	
White	28.8
Hispanic	1.6
African American	54.7
Asian/Pacific Islander	1.6
American Indian	8.4
Other	4.9
Employment Situation for the Prior 6 Months	
Employed Full-time	32.5
Employed Part-time	26.0
Student	4.5
Disabled/Retired	4.2
In jail or prison	3.5
Unemployed	29.3
Income Distribution	
0 – \$4,999	27.2
\$5,000 – \$9,999	10.8
\$10,000 – \$14,999	17.0
\$15,000 – \$19,999	21.6
\$20,000 – \$24,999	14.8
\$25,000 and higher	8.6

3A.2 Participants Reporting No Annual Income

A separate analysis was conducted to describe the 76 respondents who reported no annual income on the initial response form (**Table 3**). The majority were African American (62.2%) with another 18.9% Caucasian. Similar to the larger group of respondents, 66% had no prior history with default orders. The average monthly required payments (\$519) were almost identical to the required payments of the overall group of respondents (\$515).

However, there is evidence to suggest that these noncustodial parents may have underestimated their income. Twenty-two of the 76 noncustodial parents who reported \$0 income also reported working either full or part-time in the prior six months. Furthermore, 19 of the 76 noncustodial parents later enrolled into the program where they had their income verified by the Child Support Officer. By the enrollment meeting, only seven of the 19 noncustodial parents were still reporting zero income. The group of 19 enrollees who had earlier reported no income now had an average annual income of \$9,024.

Table 3: Characteristics of Respondents Reporting No Annual Income (n= 76)

	Average	Maximum	Minimum
Age	37	57	22
Number of Active Cases with a Financial Obligation	1.9	7	1
Total PA Arrears	\$12,983	\$89,902	\$542
Total NPA Arrears	\$8,825	\$52,882	\$0
Total Arrears	\$21,809	\$125,596	\$1,124
Monthly Required Payment ²²	\$520	\$1,396	\$128

3A.3 Reasons for the Accumulation of Debt

In addition to demographic information, respondents were asked to identify the most important contributing factors to their debt. **Table 4** displays the reasons for accumulation of child support debt cited by respondents. The most common reasons were unemployment (59%) and that the court-ordered amounts were too high to maintain (51.9%). The least-cited reasons

²² As required by the agreement. Required payment covers all cases in Minnesota, including an arrears payment that is 20% of the monthly obligation for all obligation types.

were that the noncustodial parents did not understand their obligations (4.6%) and that the noncustodial parents had withheld payment because they were denied visitation with the children (7.4%).

Table 4: Reported Reasons Why Low-Income NCPs Had Accumulated Debt (n=324)

	Number of Responses	Percent of Sample
Health Problems/Injury	48	14.8
Unemployment	191	59.0
Did Not Understand Obligations	15	4.6
Order Too High/Could Not Keep Up With Payments	168	51.9
Denied Visits With Child	24	7.4
Incarcerated	38	11.7
Alcohol/Drug Problems	29	9.0
Suspended/Revoked Driver’s License	80	24.7
Other/Miscellaneous	37	11.4

Not all of the 324 respondents would become participants in the demonstration program. Seventy-two members of this group would be assigned to the control group. The remaining 252 would be assigned to an experimental group, either Group A (n =126) or Group B (n=126). Assignment to either the A group, B group, or control group was randomized. Additional analyses showed that none of the three groups differed on measures of age, income, PA arrears debt, NPA arrears debt, or their monthly required payment.

3A.4 Employment Barriers

Of those assigned to an experimental group, 139 eventually signed formal agreements that made them eligible for debt-forgiveness. As part of the enrollment process, noncustodial parents were asked to complete a short survey that collected additional information on participants. A critical component of this survey was to assess the participants’ barriers to

employment or advancement on the job. A summary of these job-related variables are contained in **Table 5**.

Survey respondents reported significant barriers to employment. About 6.5% reported that they did not have access to a reliable, working phone and 40.5% did not have regular access to a car. The majority had a suspended/revoked driver's license (55%).²³ On communication skills, 5.7% of the sample rated their ability to speak English as fair or poor. On the ability to read English, 10.8% of noncustodial parents rated themselves as fair or poor. Overall, about 12% of the participants had never had a full-time job that lasted over a year. Of this group, 5 reported that they had never worked at a full-time job in their lifetime.

Table 5: Employment-Related Variables Reported by Noncustodial Parents (n=139)

Employment Survey Variable	Percentage Reported
Reliable Working Phone in Home?	
Yes	92.1
No	6.5
Regular Access to a Car?	
Yes	59.5
No	40.5
Driver's License Currently Suspended/Revoked?	
Yes	55.0
No	45.0
Ability to Read English?	
Excellent	68.1
Good	21.0
Fair	9.4
Poor	1.4
Ability to Speak English?	
Excellent	74.8
Good	19.4
Fair	4.3
Poor	1.4

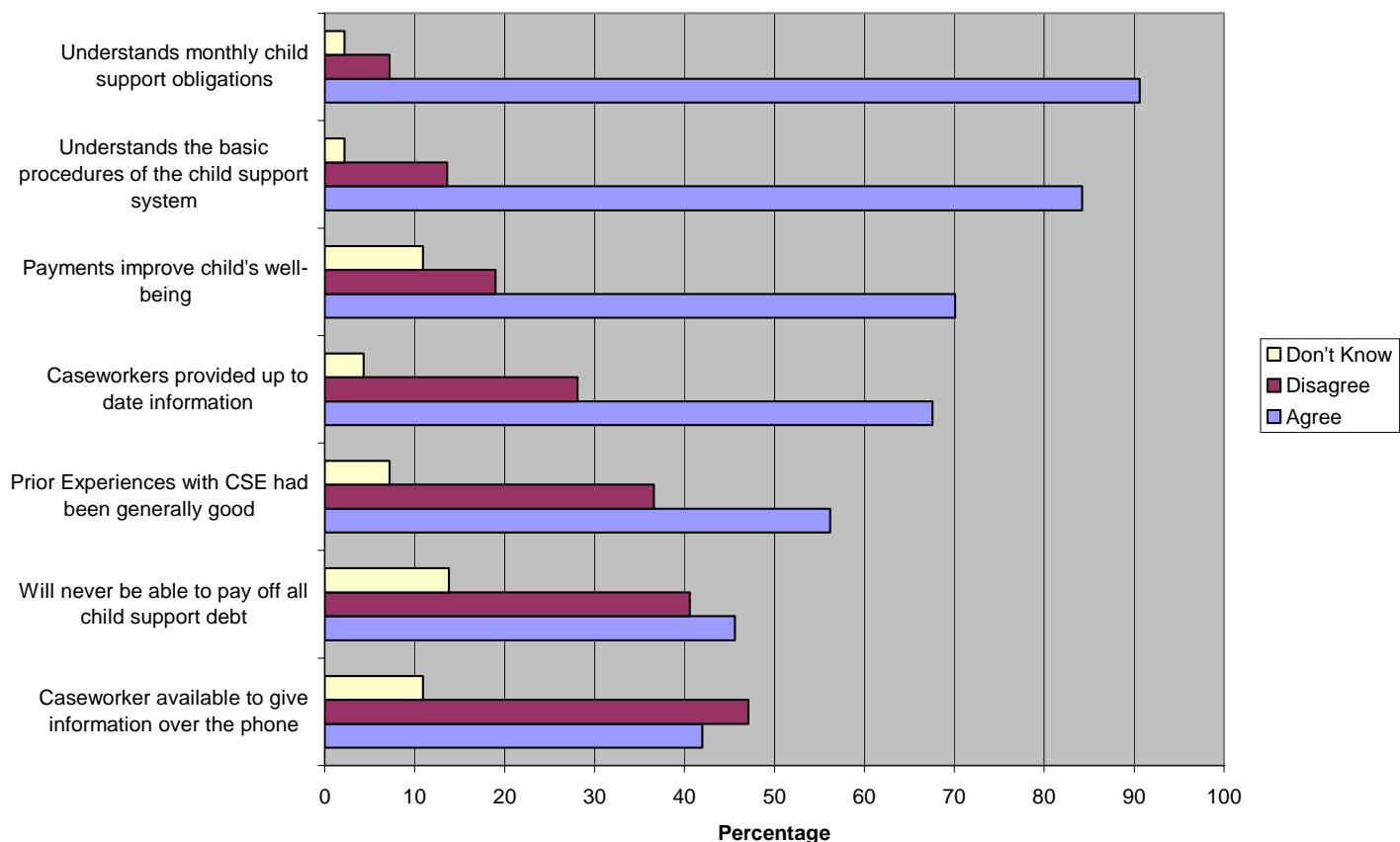
²³ For any reason, a license could be suspended/revoked for actions initiated outside the child support program.

3A.5 Prior Experiences with the Hennepin County Child Support Division

Another component of the survey was to ask the noncustodial parents about their previous interactions with the Hennepin Child Support Division. Participants were asked to agree or disagree with statements concerning aspects such as availability of the previous child support staff, understanding the child support system, and outlook on their ability to settle their child support debt. A summary of the responses is shown in **Figure 1**.

Participants were most likely to report that they understood their child support obligations (90.6%) and the overall system (84.2%). A high majority believed that when they made a payment (70.1%), it did improve the well-being of their children. The participants were divided as to whether they would ever be able to pay off all of their child support debt (45.6% agreed, 40.1% disagreed). Participants frequently disagreed that their caseworkers were available to give information over the phone. Only 42% agreed that the caseworker had been available through phone contacts.

Figure 1: Prior Experiences of Participants with the Child Support Division (n-139)



The case activities of the 139 noncustodial parents who joined the debt-forgiveness demonstration program were monitored by the Hennepin County Child Support Officer on a monthly basis. At the writing of this report, 18 are still active and continue to be monitored. The remaining 121 have ended their participation by either successful completion or by termination. If the noncustodial parent fell behind in making his/her monthly required payment, he/she was warned by letter and by phone that they could be terminated from the demonstration program. When the noncustodial parent still failed to make arrangements that would reconcile the outstanding balances, the noncustodial parent was terminated from the program. The results concerning the 121 participants are discussed in Section 3B.

3B. PROGRAM OUTCOMES

There have been 121 participants in the demonstration program that have been monitored from their first to final month. At enrollment, 33.1% of the participants were unemployed, 23.1% were working part-time, and 40.5% were working full-time. Twenty-four of the participants did not have a high school diploma and 66 reported that their driver's license was currently suspended or revoked. The racial make-up of the enrollees was similar to the respondents with the majority being African American (56.9%). Of the 121 participants, 36 had at least one previous default order in their case history. A summary of their beginning balances can be found in **Table 6**.

The participants had an average net annual income of \$12,678, which translates into \$1,057 of take-home pay per month. Participants had on average 2 active child support cases with a financial obligation. Their average required monthly payment was \$468 a month or \$5,616 for the 12 months of the agreement. In order for the noncustodial parents to be current in their child support payments and in compliance with the demonstration program agreement, they were required to pay an average of 44.3% of their net income. However, participants had, on average, two child support cases with a financial obligation.

Table 6: Beginning Balances of the Noncustodial Parents (n=121)

	Average	Maximum	Minimum
Monthly Net Income	\$1057	\$1764	\$0
Monthly Required Payment	\$468	\$1,298	\$56
Total PA Arrears	\$12,264	\$60,591	\$542
Total NPA Arrears	\$8,230	\$65,960	\$0
Total Debt Upon Signing	\$20,494	\$93,942	\$1,969
PA Arrears to be Forgiven Upon Successful Completion	\$10,659	\$56,658	\$542
Initial Write-off Upon Signing	\$3,103	\$22,544	\$78

Two types of arrears balances were reported: permanently assigned public assistance (PA) arrears and non-public assistance (NPA) arrears owed to the custodial parent. On average participants owed \$8,230 in NPA arrears, a balance that was lower than the PA Arrears balance of \$12,264. The sum of the total debt for these 121 low-income noncustodial parents is roughly \$2.5 million.

Of the debt amounts, only accumulated PA arrears were eligible for forgiveness. This consideration was made to protect the balance of any arrears whose collection would benefit the custodial family and to be consistent with federal regulations. Another consideration was that the program could only forgive PA debt owed to the state of Minnesota. PA debt owed to other states could not be forgiven. As a result of these considerations, the demonstration program could have forgiven a maximum of \$1.3 million if every noncustodial parent successfully completed. This represents roughly half of the participants' total debt. Of this amount, \$375,543 was forgiven when the participants signed the legal agreement. This calculated to be an average \$3,103 per enrollee. These amounts were forgiven on the condition that regular child support payments would be made for 12 consecutive months. If a noncustodial parent fell behind in his/her payments, the amounts could be reinstated.

3B.1 Expectations of the Demonstration Program

At the beginning of the demonstration program, the participants were asked questions about their upcoming participation and how important it was for them to complete the 12 months. The majority reported to understand the terms of the agreement and what was expected of them during the program. Most noncustodial parents also felt that a 12-month time frame was appropriate for the demonstration program. Three-quarters of the participants reported to be extremely or moderately bothered by their current level of debt. A substantial majority reported that this program was important to them and felt confident that they could meet the terms of the agreement (**Table 7**).

Table 7: Survey Responses to Questions on Program Participation (n=121)

Survey Questions on Program Participation			
<i>How well do you understand the research agreement?</i>			
45.8% Excellent	46.7% Good	7.5% Fair	0% Poor
<i>Child support payments will be monitored for one year, how do you rate the time frame?</i>			
4.2% Too long	85.0% About right	3.3% Too short	7.5% Don't know
<i>How bothered are you by your current level of child support debt?</i>			
56.7% Extremely	18.3% Moderately	16.7% Slightly	8.3% Not at All
<i>How important is the forgiveness of your child support debt?</i>			
76.7% Extremely	15.8% Moderately	6.7% Slightly	.8% Not at All
<i>How confident are you that you will be able to make your payments for the 12 months?</i>			
51.7% Extremely	36.7% Moderately	9.2% Slightly	2.5% Not at All

3B.2 Success Rates for Overall Program

After monitoring the case activity of these 121 noncustodial parents throughout their participation, the program has shown a 24% success rate. For each success, there were three noncustodial parents who were terminated from the program for failing to meet the terms of the agreement. Overall, 29 noncustodial parents successfully paid their monthly obligations for 12 months. The majority of the noncustodial parents (n=92) who joined the program were unable to meet the terms of the agreement for 12 continuous months (**Table 8**).

Table 8: Participation Outcomes of the Noncustodial Parents (n=121)

	Successful Completions (n=29)	Early Terminations (n=92)	Student's <i>t</i>	Probability	Significant Difference
Average Income	\$14,206	\$12,196	-1.767	.080	No
Avg. PA Arrears Starting Balance	\$13,768	\$11,789	-.796	.428	No
Amount of Arrears That Could Have Been Forgiven	\$12,952	\$9,936	-1.367	.174	No
Avg. NPA Arrears Starting Balance	\$6,455	\$8,791	1.156	.250	No
Required Avg. Monthly Payment	\$379.67	\$495.55	2.340	.021	Yes
Avg. Number of Default Orders	.24	.40	1.465	.147	No

3B.3 Changes in Arrears Balances

A comparison of the 121 participants before and after the project ended shows the overall amount of their debt decreased from \$2.48M to \$2.08M (net difference \$399,596). During the program, a total of \$520,305 in PA arrears was forgiven. An additional \$188,647 was also forgiven but was later reinstated as a result of terminations. The difference between the total balance forgiven (\$520,305) and the observed decrease in total arrears (\$399,596) can be explained by a growth in the balances of NPA arrears and in the PA balances of the participants

terminated from the program. By the close of the project, 23% of the arrears originally forgiven had been replaced by the creation new arrears.

As expected, those participants who were able to successfully complete the program saw great improvements in their final arrears balances. For those who were terminated, their overall debt slightly increased. **Table 9** illustrates the beginning and end balances for the 121 during the course of their participation. For successful noncustodial parents, these changes reflect on average a 12-month period, for those terminated the average participation period was 7 months.

Table 9: Comparison of Average Beginning/Ending Balances of Participants

Completions (n=29); Average participation 12 months					
	<i>PA Principal</i>	<i>PA Interest</i>	<i>NPA Principal</i>	<i>NPA Interest</i>	<i>Total Debt</i>
<i>Beginning</i>	\$11,513	\$2,256	\$5,920	\$535	\$20,223
<i>Ending</i>	\$261	\$0	\$5,033	\$331	\$5,625
<i>Difference</i>	-11,252	-2,256	-887	-204	-14,598
Terminations (n=92); Average participation 7 months					
	<i>PA Principal</i>	<i>PA Interest</i>	<i>NPA Principal</i>	<i>NPA Interest</i>	<i>Total Debt</i>
<i>Beginning</i>	\$10,017	\$1,772	\$8,018	\$772	\$20,580
<i>Ending</i>	\$9,024	\$1,913	\$8,975	\$926	\$20,838
<i>Difference</i>	-993 ²⁴	+141	+957	+154	+258

3B.4 Predictors of Success or Failure

Additional analyses were conducted to understand the differences between those who were able to complete the program and those who were terminated. The required monthly

payment was significantly lower for the successful noncustodial parents ($t=2.340$, $p<.05$). Those participants who did not complete the 12 month period had an average required payment that was about \$100 higher per month. Since the sample sizes were relatively small, there was limited statistical power available to detect any additional significant differences in Table 8.

In order to be able to predict which noncustodial parents would be able to complete the program, logistic regression analyses were conducted to predict program success or termination. Several factors were determined to be significant predictors of whether a noncustodial parent would eventually complete or be terminated from the demonstration program. These include 1) the noncustodial parents' income, 2) the required monthly payment, and 3) the amount of debt forgiveness the noncustodial parent would benefit from the program (**Table 10**). Factors *not* found to significantly predict outcome include level of education, race, level of existing debt, or the presence of a default order.

Table 10: Logistic Regression Model Results of Program Completion or Termination²⁵

Independent Variable	Mean	Standard Deviation	Coefficient	Significance Level
Annual Income	\$12,678	\$5,385	.000095	.055
Required Payment	\$468	\$236	-.003715	.004
Amount of Potential Debt Forgiveness	\$10,659	\$10,402	.000050	.031

The model indicates that an increase in noncustodial parent's income increases his/her chances of being able to complete the program. A lower required payment increases the chances

²⁴ For Group B noncustodial parents who were terminated, the PA Principal balance was not fully reinstated. The slight decrease in ending balances reflects this administrative decision.

²⁵ Nagelkerke R Square 0.175.

of success. If the amount of debt forgiveness that a noncustodial parent can receive is increased, he/she is more likely to finish the program. Of the three factors, adjustments to the required payment appeared to have the most impact on final outcomes. For example, the model indicates that by lowering the average required payment by \$100 (*everything else being equal*), you can increase a noncustodial parent’s chances of success by 33%.

Since the majority of participants were terminated from the program, some additional exploratory analysis was conducted to describe the behavior of the 92 terminated noncustodial parents. Even within this group of terminated noncustodial parents, some were able to stay with the program for longer periods of time than others. Using a similar model as described above, the same predictors of success held true even when differences in the length of participation are taken into consideration. It was also found that those noncustodial parents who were terminated early on also had significantly lower incomes than those who were able to participate for a longer duration (**Table 11**). The terminated noncustodial parents with longer participation had incomes similar to the successful participants.

Table 11: Comparisons of NCP Participation Length and Income²⁶

Outcome	Income	Number of NCPs
Successful Completion	\$14,206	29
Late Termination	\$13,864	42
Early Termination	\$10,796	50
Group Comparisons	Mean Difference	Significance
Early Termination - Late Termination	-\$3,068	.015
Early Termination – Completion	-\$3,410	.016
Late Termination – Completion	-\$342	.960

²⁶ Overall F (2,118) = 5.645, p<.01; Effect size =.08.

3B.5 Understanding the Monthly Obligations of Participants

The monthly payment obligations²⁷ required under the agreement were found to be a significant factor in the eventual success or termination of the noncustodial parents. To better understand the required monthly payment obligations, statistical analyses were conducted to explore the determinants of those obligations. The results indicated that the required payment was a function of several variables including:

- The total number of active cases with a financial obligation
- The presence of a previous default order in the case histories
- The total amount of PA arrears (principal and interest)
- The total amount of NPA arrears (principal and interest)

The model indicated that increases in the amount of PA and NPA arrears resulted in small increases in the required monthly payment. An increase in the number of active cases with financial obligations would also increase the required monthly payment. The presence of a default order in the noncustodial parent's case history generated the largest increase in the required monthly payment (**Table 12**). Overall, about 28% of the variation in the required payments could be accounted for by these four variables.²⁸

Table 12: Regression Model Results for Required Total Payments (n= 324)

Independent Variable	Mean	Standard Deviation	Coefficient	Significance Level
PA Balance	\$12,885	\$13,548	.004	.003
NPA Balance	\$9,447	\$11,528	.008	.000

²⁷ As required by the agreement. Required payment covers all cases in Minnesota, including an arrears payment that is 20% of the monthly obligation for all obligation types.

²⁸ $F(5,298) = 22.758$, $p < .001$, $R^2 = .276$.

Independent Variable	Mean	Standard Deviation	Coefficient	Significance Level
Default Order	.299	.459	92.350	.002
Active Cases with a Financial Obligation	2.02	1.41	41.989	.000
Income	\$11,223	\$8,550	.002	.151
Constant	N/A	N/A	251.704	.000

3B.6 Relationship of Annual Income to Monthly Obligations

A surprising finding is that the noncustodial parent's income was not found to be significantly related to the required monthly payments, despite the fact that child support orders are established under income guidelines. There are several explanations that could help explain this unexpected finding.

The first possible explanation is that the measures of income collected for the program evaluation are inaccurate because they rely on participant self-report. Incomes recorded by the statewide database (PRISM) could not be used due to a large number of missing values in the dataset. Instead, noncustodial parents were asked to provide estimates of their annual income on several survey instruments. There were three measures of income taken throughout the research project (**Table 13**):

- Income recorded by the noncustodial parent on the initial response questionnaire
- Income recorded by the noncustodial parent on the debt-forgiveness meeting survey
- Income determined by the Child Support Officer to enroll the noncustodial parent in the program

Only noncustodial parents who met with the Child Support Officer were asked to verify their income level with supporting documents. However, the provision of documentation was never required for enrollment. While there is reason to be suspicious of self-reported income, there is reliability among the three measures of income as shown in their consistent results.

Table 13: Three Measures of Income

Source	Average Yearly Income (n=121)
Reported by Noncustodial Parent in Initial Response Questionnaire	\$13,116
Reported by Noncustodial Parent in the Enrollment Meeting Survey	\$13,859
Amount Substantiated by Child Support Officer at the Enrollment Meeting	\$12,618

Another possible explanation as to why income is not related to the monthly required payments is that judges can use their discretion to consider many factors in addition to income when setting the amounts. Considerations such as child care and health care costs, for example, are frequently added to the required monthly payment after the base level of support has been determined with income. These add-ons could distort the expected relationship between the noncustodial parent’s ability to pay and their monthly child support obligations.

A third possible explanation is that a significant amount of time has passed since the original orders have been set and the noncustodial parents’ incomes have changed. If the orders have not been updated for a significant number of noncustodial parents, the relationship between order amounts and income would no longer be present in the data. The passage of time may have also allowed the order amounts to increase through the cumulative effect of COLA adjustments.

Of the three possible explanations, all or none may be contributing to the observed relationship between the noncustodial parent’s income and his/her required monthly payment. There is not enough information available in our datasets to determine the specific reason why the noncustodial parents’ income is not related to their required payments.

SECTION 4: PAYMENT ACTIVITIES

This section describes the payment activity for 99 enrollees of the demonstration program as well as 51 noncustodial parents chosen for the control group.²⁹ The use of a control group allowed for the payment activity of the participants of the demonstration program to be compared to the payment activity of similar noncustodial parents who did not participate. All members of the control group met the eligibility criteria and expressed an interest in the program by completing a response form.

4A. INITIAL DIFFERENCES BETWEEN THE CONTROL AND EXPERIMENTAL GROUPS

There were 259 noncustodial parents who were randomly assigned to the control group or the experimental group. Those assigned to the control group were notified by mail that they would not be participating in the debt-forgiveness program. Control group participants were also mailed a comprehensive list of community resources that was created and maintained by the Hennepin County Child Support Division.

The payment activity of the control group was collected over a time frame similar to that of the enrollees of the demonstration program. The control group members were tracked for 12 consecutive months starting in the first month after they completed the short survey. The 208 noncustodial parents who were not randomly assigned to the control group were contacted for an enrollment meeting with the Child Support Officer in the month after they completed the response form.

The resulting groups based on assignment were analyzed to confirm that they did not differ on measures of age, income, PA arrears debt, NPA arrears debt, or their monthly required payments. However, there are differences in the resulting group of enrollees and the control group because not everyone who was assigned to the experimental group eventually joined the program.

²⁹ The analyses in Section 4 pertain exclusively to those noncustodial parents recruited from the random sample.

The noncustodial parents who elected to join the demonstration program have higher incomes and lower monthly payments than the noncustodial parents who elected not to join. The result is that the enrollees have significantly higher incomes than the control group members and also have significantly lower monthly child support obligations (**Table 14**). These factors have been shown to increase the likelihood of a noncustodial parent making regular child support payments. Any results that indicate significant differences between the control and experimental groups may be attributed to these pre-existing conditions as well as the benefits of participating in the program.

Table 14: Average Differences Between the Control Group and the Program Participants

Variable	Control Group (n=51)	Program Participants (n=99)	Student's <i>t</i>	Probability	Significant Difference
Age	39	37	1.777	.078	No
Beginning PA Arrears Balance	\$13,778	\$12,552	.529	.597	No
Beginning NPA Arrears Balance	\$10,325	\$7,808	1.412	.160	No
Income	\$8,553	\$13,296	-3.306	.001	Yes
Required Monthly Payment	\$563	\$460	2.137	.036	Yes
Number of Default Orders	.35	.35	-.006	.995	No

4B. AMOUNT OF PAYMENTS

Payment activity was examined for both the average monthly payment amounts and the percentage of payments made relative to payments owed. Monthly payment information was used to determine if the noncustodial parents paid more money over time. It was expected that those noncustodial parents who participated in the demonstration program would increase the amount of child support they were paying on a monthly basis. Control group participants were not expected to raise their level of payment because they would have no incentive through the debt-forgiveness program.

4B.1 Changes in the Amounts of the Average Monthly Payment

A comparison of the average payment amount made before and after participation in the program shows that those who successfully completed the program and the noncustodial parents assigned to the control groups both significantly increased their monthly child support payment (**Figure 2**). The group of noncustodial parents who joined the program but were terminated did not increase their payments on average.

As expected, the group of noncustodial parents who successfully completed the program significantly raised their average monthly payment from \$210 to \$402.³⁰ The 91% increase in the level of payment was necessary for the noncustodial parents to be compliant with the terms of the demonstration program. The noncustodial parents who were terminated for noncompliance were not shown to significantly increase their payment from their previous levels.

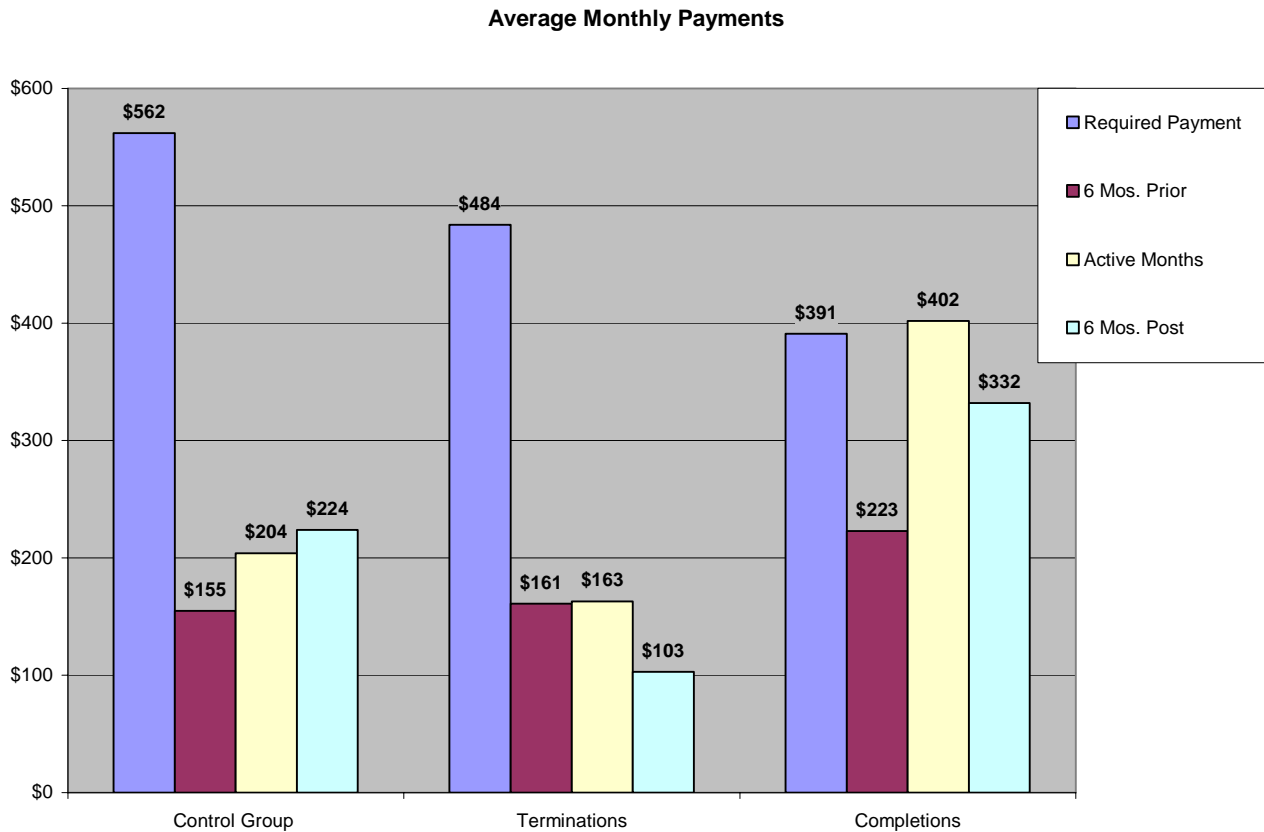
The control group raised their average monthly payment from \$155 to \$204.³¹ For the control group the payment of \$204 reflects the average monthly payment made during the months when it is estimated that the noncustodial parents would have been participating in the program if they had been enrolled. It is not clear why the control group payments increased; however, there were other departmental changes that were ongoing in Hennepin County beyond

³⁰ Paired Samples t-test; p=.000.

³¹ Paired Samples t-test; p=.055.

this demonstration program and during this time frame that may have influenced the payment activity of the control group.

Figure 2: Comparisons of the Average Monthly Payments (n=150)



Few of the noncustodial parents in the study had payment data tracked for the full six months after their completion date because their participation was too recent. Only 11 noncustodial parents who completed the program had six full months of data available to describe payment activity beyond the program. While there is not enough statistical power to detect a trend, it is possible that the payment activity of the successful completions will decline.

4B.2 Changes in the Payments Relative to Amounts Owed

The level of payment needs to be understood in the context of what the noncustodial parents were supposed to be paying on a monthly basis. There is only one measure of the required monthly payment for each member of the experimental and control groups. This measure is used as an estimate for the amount that the noncustodial parents should have been paying over all of the months that the noncustodial parents were followed. Changes in the required monthly payments due to a review and modification or for other reasons were not tracked for the evaluation.

The control group, the group of successful completions, and the group of terminations all had different monthly child support obligations. The control group members had the highest average required payment (\$562), the termination group had the second highest (\$484), and the completion group had the lowest (\$391). Relative to these estimates, the control group increased their payment level during their “active phase” by 8.6% as compared to the prior six-month period. In contrast, the completion group increased their payment level by 47.01% during their participation in the debt-forgiveness program. The group of terminations made payments during their active months in the program at the same level as in the prior six-month period (**Table 15**).

The group of successful completions was initially paying about half of the amount that they owed; however, once they joined the debt-forgiveness program their payments increased by 47% so that they were paying slightly over the full amount owed. The growth in payments of the completion group is significantly larger than the increase of the control group over a similar time period ($p < .000$). To the extent that the groups were similar, this finding indicates that the demonstration program significantly helped to raise the payments of the successful noncustodial parents. The payment level of the successful noncustodial parents would not have been reached if they had not joined the debt-forgiveness program.

Table 15: Percent of the Required Payments Received by the 3 Groups (n=150)

	Completions (n=28)	Terminations (n=71)	Control (n=51)
Percentage of Required Payments Made in the Prior 6 Months	54.8%	33.1%	31.9%
Percentage of Required Payments Made While Participating in the Program	101.9%	32.9%	40.6%
Percentage Growth	+ 47.0%	- 0.2%	+ 8.6%

SECTION 5: IMPLEMENTATION OPTIONS

During the development phase of the demonstration program, many implementation options were considered. Whenever possible, the Minnesota Department of Human Services and the Hennepin County Child Support Division implemented more than one option in an attempt to establish the most effective program design. Comparisons between different program designs developed into a set of secondary research questions for the evaluation component. This section outlines the results of testing different operational designs of the debt-forgiveness program.

5A. SAMPLE SELECTION

One of the first decisions that had to be made during the design phase of the demonstration program was how to recruit the noncustodial parents. The method for sample selection would determine which noncustodial parents would learn about the demonstration program and would ultimately determine who would participate in the project. Two options were considered:

- Identify noncustodial parents from the PRISM database and target recruitment towards those noncustodial parents who fit the eligibility criteria.
- Advertise the demonstration program to the general audience of noncustodial parents and enroll only those noncustodial parents who fit the eligibility criteria.

Both options have definite advantages and disadvantages when it comes to recruiting a sample of noncustodial parents. The first option allows for a more targeted recruitment of noncustodial parents. It allows for the generation of a representative sample of noncustodial parents who fit the eligibility criteria. However, the first option did not allow volunteers to participate if they were not previously identified by PRISM. This option also places a burden on the Child Support Officer to recruit the clients and convince them to enroll.

The second option allows for any interested noncustodial parent to join the program if he/she fits the eligibility criteria. However, the resulting sample of noncustodial parents will be a sample of volunteers and would not necessarily represent the overall population. The second

option also has the potential to place a significant burden on the Child Support Officer to screen out ineligible volunteers because they were not recruited against any pre-determined criteria.

It was decided that the demonstration program would initially pursue the first option for the first phase of implementation but then use the second option for the second phase. This would provide the program evaluation with a random sample of noncustodial parents and a volunteer sample. With two samples chosen by two different methods, there could be a comparison of each sample's success within the program.

The first phase of recruitment lasted longer than the second phase, so the sample of volunteers is considerably smaller than the random sample. However, there are some informative comparisons. From a program implementation perspective, the volunteer sample had a similar participation rate as the random sample (**Table 16**). This indicates that once the noncustodial parents were identified as eligible, the process of enrolling them into the program was just as difficult regardless of whether the noncustodial parent originated in the volunteer or random sample. The decreases in the number of enrollees as compared to the number of respondents is due to 1) missed attendance for the enrollment meetings, 2) difficulties in contacting or scheduling the noncustodial parents, and 3) the noncustodial parents deciding not to sign the agreement after they met with the Child Support Officer.

Table 16: Participation Rates of the Random Sample and the Volunteer Sample (n=324)

	# Respondents Assigned to the Experimental Group	# Enrolled	Participation Rate
Random Sample	208	114	54.8%
Volunteer Sample	44	25	56.8%
Total	252	139	55.2%

Consistent with expectations, the volunteer group did report answers on the survey that indicated a deeper level of commitment to the demonstration program results than the random sample. Volunteers were far more likely than random sample participants to report that they

were “extremely bothered” by their current level of arrearages.³² This was true despite the fact that both groups had similar levels of existing debt. This led to expectations that the volunteer group may perform better than the randomly selected sample because the volunteers had self-selected into the program based on their interest.

However, once the noncustodial parents were enrolled, the two groups displayed different outcomes. Of the 121 enrollees,³³ 21 were volunteers and 100 were recruited with random sampling. Of the 21 volunteers, none successfully completed the program (0% success rate). Of the 100 randomly chosen noncustodial parents, 29 succeeded and 71 were terminated (29% success rate). If the success rates were similar, we would have expected around six members of the volunteer sample to succeed.

Differences between the random sample and the volunteer group were sought to explain the outcomes. It was found that the volunteer group was significantly different from the random sample (**Table 17**). While both groups met the same eligibility criteria, the volunteer group had significantly lower incomes than the random sample group. There were no significant differences in the required monthly obligation, the beginning balance of arrears, or the amount of debt that could be forgiven upon successful completion.

Income has been found to be a determinant in how long a noncustodial parent participates in the program and whether the noncustodial parent is able to ultimately complete the program (**Section 2**). Since no significant differences were found in the required payment amounts, the difference in income can be particularly powerful. Once the monthly required payments are deducted from the estimated monthly net income, the volunteer sample was found to have significantly less expendable income than the random sample members (**Table 17**). These differences contributed to the high failure rates with the volunteer members.

It is possible that the recruitment strategy for the volunteer sample contributed to these group differences. Advertisements of the demonstration program for volunteers were

³² Fisher’s exact test, $p < .015$.

³³ There remain 18 noncustodial parents still active in the program; however, their small numbers are not anticipated to skew the results presented in this report.

predominately displayed throughout Hennepin County at community programs that target low-income populations.³⁴ It is likely that these programs concentrate on the lowest income brackets while the random sample criteria extended up to \$21,475 to ensure representation of the working poor.

Table 17: Significant Differences Between The Random Sample And Volunteer Enrollees³⁵

	Random Sample (n=100)	Volunteers (n=21)	Student's t	Probability	Significant Difference
Monthly Required Child Support Obligations	\$456	\$526	.825	.217	No
Annual Income	\$13,109	\$10,625	1.944	.054	Yes
Begin Arrears	\$20,227	\$21,769	-.392	.696	No
Amount to be Forgiven at Successful Completion	\$11,064	\$8,726	.936	.351	No
Expendable Monthly Income After Child Support Obligations	\$637	\$359	2.410	.017	Yes

5B. SCHEDULES OF ARREARS FORGIVENESS

A second decision that had to be made during the design phase of the demonstration program was how to forgive the PA arrears balances. There were two options considered:

³⁴ A description of the recruitment strategy for volunteers can be found in Appendix A.

³⁵ These findings were also replicated with larger sample sizes, which included noncustodial parents who expressed an interest in the program but never officially enrolled.

- *Strategy A*: Upon enrollment, 50% of the debt would be forgiven. The remaining portion would be forgiven at the successful completion of the program (ongoing payments for the entire 12 months).
- *Strategy B*: Upon enrollment, 10% of the debt would be forgiven. Additional amounts would be forgiven over the 12-month period (10% initially, 10% after three months, 30% after six months, and the remaining 50% upon completion).

It was decided that both strategies would be used to determine if either strategy would encourage longer participation in the demonstration program. In order to test for any significant differences on outcome, all enrollees were randomly assigned to either strategy A or strategy B. None of the participating noncustodial parents were made aware that there were different schedules for arrears forgiveness within the demonstration program.

The results of the 121 enrollees indicated that the strategy of debt forgiveness made no difference in the outcome of the noncustodial parents.³⁶ Success rates were similar for the two groups despite the differences in how the debt was forgiven (**Table 18**).

Table 18: Comparison of Debt Forgiveness Strategies

	Successful Completers	Early Terminations	Total Assigned	Success Rate
Strategy A	17	46	63	26.9%
Strategy B	12	46	58	20.7%
Total	29	92	121	23.9%

³⁶ Fisher's Exact Test, $p = .523$.

SECTION 6: RECOMMENDATIONS

This section provides recommendations to other county or statewide child support agencies that are looking to implement a debt-forgiveness program that would include low-income noncustodial parents. These recommendations were generated by our efforts to improve the design and effectiveness of the demonstration program piloted by Hennepin County. The recommendations follow:

- **Assign specific staff to work debt-forgiveness cases.** Transferring cases to a specific child support staff member, with training to administer a debt-forgiveness program, improves administration and efficiency. While there were short-term costs in the initial transfer of cases, ultimately there are efficiencies achieved by having one or a few dedicated debt-forgiveness administrators running the program. This is particularly true when information for managing the program needs to be manually tracked. This model also facilitates the use of a more sophisticated and flexible recruitment strategy by having a few trained specialists recruit and assess potential program participants, as opposed to having many Child Support Officers with only a general understanding of the program.
- **Coordinate relevant support services with the administration of debt forgiveness.** While all noncustodial parents enrolled into this program had accumulated significant debt, many also reported a variety of barriers to ongoing payment of child support that could be addressed through intensive case management. The data indicated the presence of significant employment barriers, a lack of training and education, or a variety of other social problems. In addition, there are large numbers of incarcerated noncustodial parents that will soon be released with significant portions of unpaid arrearages. These factors suggest that the best possibility of fostering long-term payment of child support obligations is a strategy that provides comprehensive case management through collaboration.

The ability to partner with other service providers creates a greater opportunity to address the root causes of debt accumulation. Most child support agencies do not have the resources to develop their own staff to provide employment services or transitional

services for recently-released incarcerated noncustodial parents. However, coordination with other service providers takes advantage of specialized staff that already exists in the community and provides noncustodial parents with access to more services.

- ***Maintain close monitoring of program participants.*** Close monitoring of the noncustodial parents participating in the debt-forgiveness program is essential from both a procedural standpoint and as behavioral reinforcement. Monitoring assures noncustodial parents' compliance with the terms of the debt-forgiveness agreement. Monitoring also provides an opportunity for positive and negative reinforcement for the participants, which can affect program outcomes.

Noncustodial parents who are in compliance with program requirements can be acknowledged as such, and encouraged to continue. For some participants in this project, incremental portions of the debt were forgiven as positive reinforcements. These instances when incremental amounts are forgiven also provide appropriate contact opportunities between the child support staff and the participants. In the months when a noncustodial parent is falling behind in payments, monitoring can provide the child support staff with opportunities to quickly intervene in a worsening situation. In this project, participants in danger of early termination were provided warning letters and phone calls. These letters advised the noncustodial parents of their status, as well as the potential amount of debt that would be reinstated to their accounts. These contacts dually serve as program intervention and due process.

- ***Automate processes that are essential for program management.*** For the demonstration project, most of the information required by the Child Support Officer for selecting and monitoring the program participants had to be tracked manually. This included basic information on a noncustodial parent, such as his/her required monthly payment. This may be true of other states' child support computer systems; that is, the applications are often designed to provide information at the case level—not at the aggregate level of the individual noncustodial parent.

Given that many child support programs face resource constraints and competing priorities, investment in system modifications or new technologies to address data accessibility issues is not always possible. Even so, the provision of a flexible data system that could be easily configured to provide up-to-date information on a noncustodial parent would be an enormous asset to this and many other aspects of the child support program.

- **Consider alternative or additional/complementary strategies.** While the overall success was only 24%, the evaluation results suggested that there were steps that could be taken by child support agencies to significantly improve outcomes. Future debt-forgiveness programs should consider incorporating these additional strategies into their program design.

The results indicated that lowering the required monthly payment of the low-income noncustodial parents would increase their ability to make regular payments. It is recommended that child support agencies consider combining debt-forgiveness strategies with processes that confirm that the current child support obligation reflects the noncustodial parent's current ability to pay. In circumstances where the obligation is determined to be too high, there should be policies that support a review and modification of the order.

The results also indicated that raising a noncustodial parent's income would increase their ability to make regular payments. It is recommended that child support agencies consider combining debt-forgiveness strategies with employment support services that would help to increase a noncustodial parent's self-sufficiency.

The results also indicated that increasing the amount of debt that could be forgiven as part of the debt-forgiveness program increased the likelihood that a noncustodial parent would successfully finish. Consistent with that finding, child support agencies could consider working with other states to increase the amount of PA arrears that can be forgiven. It is not recommended that NPA arrears owed to custodial parents be included in the debt-forgiveness agreements negotiated by child support staff.

Negotiations with custodial parents on the forgiveness of these arrears would require significant staff training and quality assurance resources. Furthermore, there is not yet enough evidence of the long-term benefits of debt-forgiveness programs to justify encouraging or advising a custodial parent to enter into such an agreement.

- **Consider revising the requirements of the program.** The only requirement of the demonstration program was that the noncustodial parents pay their full child support obligations on a regular basis. However, low resources on the part of the low-income noncustodial parent have been found to impede his/her ability to pay. It is recommended that child support agencies consider alternative requirements as either a substitute or a complement to payments. For example, child support agencies could require that the noncustodial parent participate in employment training or attend parenting classes. Debt-forgiveness could also serve as an incentive for these types of behaviors.
- **Coordinate with the courts.** Cooperation with the courts is an essential component of any effort to implement debt-forgiveness strategies statewide. The courts play an important role in ensuring that child support orders are initially affordable and can help minimize the accumulation of arrears through review and modification. Without cooperation with the court system, debt-forgiveness strategies will be limited to addressing the consequences rather than the root causes of accumulating child support debt.
- **Determine structural factors leading to accumulation of arrears.** Participants reported several factors that contributed to the accumulation of their child support arrears. The most cited factors included unemployment or underemployment and their belief that order amounts are too high for them to maintain. Inconsistent with prior research findings, very few participants reported that they did not understand their child support obligations. Additional factors that are thought to contribute to arrears are difficulty obtaining a review and modification hearing and the perception that the child support program is largely a punitive enforcement program. It is important to understand and address, consistent with state and federal laws, the structural factors that may be leading to the ongoing accumulation of child support arrears.

SECTION 7: PARTICIPANT PROFILES

This section provides descriptions of seven selected noncustodial parents who enrolled in the demonstration program.³⁷ Four of these descriptions highlight the experiences of noncustodial parents who successfully completed the program. The remaining three descriptions underscore the experiences of noncustodial parents who did not complete the program. Case summary information for this section was collected by the Child Support Officer from his contacts with the noncustodial parents during the course of the demonstration program and from the noncustodial parents' files.

7A. SUCCESSFUL COMPLETIONS

Case Summary #1 "James":

"James," age 42, was one of the very first participants to sign a debt forgiveness agreement. He responded to the initial contact letter within six days of it being sent to him. He signed his agreement on 12/10/2001, the same day as his debt forgiveness meeting, and his agreement officially began on 1/01/2002. The arrears included in his agreement amounted to 100% of all the arrears he owed. After less than two months in the program, James was admitted into treatment for alcohol problems. He was in treatment for approximately two months. Upon release, he soon began paying again by having his child support deducted from his paychecks. He also sent in additional payments on his own because he needed to catch up on his payments under the agreement. James was adamant about doing what he could to stay in the program and he maintained contact with the Child Support Officer.

Towards the end of his 7th month in the program, his employment ended. Within a month, James filed a motion in court for a reduction in his support due to his unemployed status and he had also recently been diagnosed with a disability. He did receive a much lower order (his required payment went from \$334 per month to \$56 per month) and he was able to keep up on his support payments. His disability allowed him to qualify for Retirement/Survivors/ Disability

³⁷ The names of the participants have been changed to protect their privacy.

Insurance (RSDI) from which his support payments were deducted. As of 2/2004 James had one open child support case in Minnesota and he was paying his support via deductions from his RSDI.

Amount of public assistance arrears forgiven: \$6,797.

Case Summary #2 “Andrew”:

“Andrew,” age 28, responded to the initial contact letter within 15 days of it being sent. He did not sign his agreement on the day of his debt-forgiveness meeting because his required payment was too high and he did not feel ready to sign. Before he signed his agreement, he entered a motion in court to get his support reduced. He signed the agreement on 4/30/2002 and his agreement officially began on 5/01/2002. His motion was eventually granted and his required payment went from \$600 per month to \$334 per month. At the time Andrew signed his agreement, the arrears included amounted to 100% of all the arrears he owed. Initially, Andrew was paying slightly less than the \$334 per month. After several contacts with the Child Support Officer, he understood what he needed to pay and worked at making up the difference. By the time his 12 months had ended he was entirely caught up. He was very concerned about keeping up with his agreement and was very appreciative upon completion.

Amount of public assistance arrears forgiven: \$21,358.

Starting in the month immediately following completion of his program, Andrew stopped making payments. He missed three consecutive months of payments. Upon information from the custodial parent, the Child Support Officer learned of his employment and shortly thereafter payments were received through income withholding.

At the time he signed his agreement, Andrew had two child support cases in Minnesota with outstanding balances and both were included in the program. He also had two additional cases but neither had current financial obligations. As of 2/2004, Andrew had three open child support cases in Minnesota, one of which had a financial obligation, and he was paying his support.

Case Summary #3 “Larry”:

“Larry,” age 43, responded to the initial contact letter in July 2002, nearly two months after it was sent to him. His debt-forgiveness meeting was held on 7/29/2002 and he signed his agreement on that date. His agreement officially began on 8/01/2002.

At the time he signed his agreement, Larry had three child support cases in Minnesota. All of his cases were included in this program and 69% of all of his arrears were to be forgiven upon successful completion of the program.

Larry had a required payment of \$328 and he made his payments quite regularly. His 12th month in the program was 8/2003. In 9/2003, his first month after his participation ended, Larry only paid the current support portion of that payment and did not include the arrears portion of the payment. Since 9/2003, Larry has not made any payments (as of this writing in 2/2004). Larry has moved to another state, though his exact whereabouts are not yet confirmed. His driver’s license has been suspended due to missed child support payments.

Amount of public assistance arrears forgiven: \$45,368. This is the second highest amount among all participants that successfully completed the program and the third highest amount among all participants that signed an agreement.

Case Summary #4 “David”:

“David,” age 42, had several cases that were included in his agreement. Though many of his cases were arrears only, he did have a charging case, which allowed inclusion of most of his other cases. (A participant needed at least one charging case with qualifying arrears to be able to qualify for the program. Once a participant met this requirement, additional cases with qualifying arrears could be included as well.) David responded to his initial contact letter within 11 days of it being sent to him. His debt forgiveness meeting on 8/15/2002 was held by phone because he lived out of state. His signed agreement was received before the end of September 2002 and his program officially began on 10/01/2002. David had much to gain by succeeding in the program and he proved to be a very reliable payer. At the time of his signed agreement, the arrears included amounted to nearly 64% of all of his arrears.

He was very motivated by this program. Early in his participation, David made an agreement with the custodial parent on one of his cases in exchange for her forgiving the arrears owed to her on that particular case. The county received a notarized letter from her forgiving those arrears. David also signed up to have his payments taken directly out of his savings account to make sure that he made his payments on time.

When he signed his agreement in 9/2002, he had seven cases included in his agreement and another two that were not included. His required payment at that time was \$635. By the time his program was successfully completed, he had just one case with a financial obligation at \$219 per month. All of his other cases have been closed as of this writing.

Amount of public assistance arrears forgiven: \$16,965. As of 2/2004, he continued to make his child support payments and has no arrears due on his remaining case.

7B. TERMINATIONS

Case Summary #5 “Steve”:

“Steve,” age 47, was also one of the first participants to sign an agreement. He responded to the initial letter within 10 days of it being sent to him. He signed his agreement on 12/14/2001, the day of his debt-forgiveness meeting. His agreement officially began on 1/01/2002.

Early in his participation, Steve fell slightly more than one month behind. Through regular contact with him over the next few months, he had indicated that he would try to get caught up. By his 12th month in the program, Steve had still not made any payments to catch up and he was terminated from the program.

At the time he signed his agreement, Steve had one child support case in Minnesota and his public assistance arrears were \$13,801. This represented 77% of all the arrears on his case. He had a required payment of \$305 per month.

If in addition to making his required payment in December Steve had paid the \$549 that he was behind (which he had ample time to do but did not), public assistance arrears of \$13,801 would have been forgiven on his case. It was not required of him to catch up in one payment, but to send in any extra payments each month in order to be caught up before the end of his 12th month in the program.

As of 02/2004, Steve was still making regular monthly payments.

Case Summary #6 “Linda”:

“Linda,” age 32, responded to the initial letter within 12 days of it being sent to her. Her debt-forgiveness meeting was held on 06/19/2002. She signed her agreement on the day of her meeting. The agreement officially began on 07/01/2002.

Linda had just one child support case in Minnesota and the public assistance arrears included in the program were \$2,643, which represented 64% of all of the arrears that she owed at that time. Her required payment was \$371 per month.

Linda was a very good payer but partway through her program, she missed a month because she went on long-term disability. Immediately upon her return to work, she started paying again via income withholding. She had numerous health problems and indicated that she had no way to make up for the missed payment. Linda had mistakenly thought that the child support payment was deducted from her long-term disability. She was kept in the program for as long as possible, to allow her to find some way to catch up, but she was not able to and was terminated from the program.

Note: It is interesting to note that Linda realized that she was not going to successfully complete far in advance of her termination. She had tried for several months but could not increase her payments due to her financial situation. She understood there were no penalties for failing to complete the program, but she would not receive the benefits associated with successful completion of the program.

Case Summary #7 “Thomas”:

“Thomas,” age 40, responded to a suggestion by his then-assigned Child Support Officer to volunteer for the debt forgiveness program. He signed his agreement on 3/13/2003, which was the same day as his debt forgiveness meeting. His participation officially began on 4/01/2003.

At the time he signed his agreement, Thomas had one child support case in Minnesota. He had \$4,252 in public assistance arrears that were included in the agreement, which represented 47% of all of his arrears. His required payment was \$211 per month.

During his first months in the program, he slightly underpaid his required payment. After a few more months, his payment decreased even more and eventually he missed an entire month. Upon discussions with him, Thomas reported he was having employment problems and could not make up the amounts he was behind on his agreement. He was eventually terminated from the program.

As of this writing in early 02/2004, Thomas had filed a motion in court for parenting time and payments have begun to come in from his unemployment benefits.

Note: It is interesting to note that Thomas realized that he was not going to successfully complete far in advance of his termination. He had tried for several months but could not increase his payments due to his financial situation. He understood there were no penalties for failing to complete the program, but he would not receive the benefits associated with successful completion of the program.

APPENDIX A: OVERVIEW OF THE DEMONSTRATION PROGRAM DESIGN

In August 2001, the project team held planning meetings for the demonstration project. During this planning stage, decisions were made regarding eligible participants, recruitment procedures, enrollment procedures, debt-forgiveness strategies, and termination procedures, associated with this intervention. These decisions are summarized below.

Eligible Participants

To be eligible for the program, participants were required to have:

- An open, charging child support case in Hennepin County,
- A history of missed or irregular payments within the prior quarter,
- Debt of at least \$500 permanently assigned to the State, and
- An annual income of less than \$21,475.

Every candidate's eligibility requirements were confirmed by data in the PRISM system, with the exception of income, which was verified by the child support staff in meetings with the noncustodial parent. The income requirement of \$21,475 was defined as net income, which is consistent with Minnesota's child support guidelines. The income limit of \$21,475 is 250% of the federal poverty level in 2001. This income level allowed the inclusion of noncustodial parents who were unemployed, as well as the working poor. Various public assistance programs employ income limits above 100% of the federal poverty level and some research indicates that an income significantly higher than the official poverty level is needed to support an individual in a metropolitan area.³⁸

Recruitment of Participants

Once the eligible participants were defined, the next step was to recruit them. Two options were considered:

³⁸ Cederberg, H., Ristau, K. & Steuernagel, B. (2001). *The Cost of Living in Minnesota*. JOBS NOW Coalition.

- Identify a random sample of noncustodial parents from the statewide database (PRISM) and target recruitment towards those noncustodial parents who fit the eligibility criteria.
- Advertise the demonstration program to the general audience of noncustodial parents and then enroll only those noncustodial parents who fit the eligibility criteria.

Both recruitment options were utilized during the course of the research project; however, the recruitment phase for the random sample lasted for a longer period of time so that the majority of participants were chosen randomly.

Recruitment from a Random Sample

Recruitment from the random sample began in October 2001 and ended in April 2003. A computer-generated list of names was created through the statewide database (PRISM) based on the eligibility criteria. Once the list was received, it was reviewed to confirm that each individual met the eligibility criteria. The confirmation process resulted in the exclusion of 241 individuals from the list, resulting in a target population of 759 noncustodial parents. The reasons for the disqualification of 241 participants from the sample are summarized in **Table 19**.

Table 19 – Reason for Exclusion From Random Sample

	Number Excluded
Duplications	103
Arrears Balance Too Low	22
Arrears are Owed to Another State	16
Case is No Longer Charging/Closed	58
Noncustodial Parent Incarcerated	24
Other/Miscellaneous	18
Total	241

For the remaining 759 noncustodial parents, the majority (642) received a mailing although some were attempted to be contacted by phone (117) because they had no mailing

address on file. The initial mailing included an introductory letter, a descriptive flyer, a notice of how the noncustodial parent could get the materials translated into another language, a confidentiality notice, a one-page survey, and postage-paid return envelope. Mailing of these packets was staggered over a few months to make sure that the child support staff could respond to each interested person in a reasonable time period. The individuals who responded were randomly assigned to a control group or experimental group.

The research team was able to generate an almost 40% response rate through the mailing, as opposed to a 9% response rate by phone. Since we cannot determine if all of the noncustodial parents received their package or messages, the actual response rate may have been significantly higher than the reported rate.

Recruitment resulted in 259 response questionnaires. Data from these surveys provide information to describe the original sample. Respondents were compared to the initial sample of 759 potential recruits on several key variables available from the PRISM database. *There were no significant differences found between the target population and the sample of respondents.* Respondents were similar to the target population in terms of age and racial identity. In addition, statistical analysis found no significant differences in terms of non-public assistance debt, non-public assistance interest, public assistance debt, public assistance interest, or total debt. Those noncustodial parents who responded to the mailing did not have significantly more or less debt than those noncustodial parents who did not respond. The sample of 259 individuals is representative of the general population of low-income noncustodial parents with outstanding arrears on an active case in Hennepin County.

Recruitment from a Volunteer Sample

Recruitment for the volunteer sample began with the creation of a new flyer which advertised the terms and conditions of the debt-forgiveness program. Flyers were distributed to community programs that frequently served low-income noncustodial parents. These included:

- Adventures in Fathering – Crystal, MN
- Young Dads/Male Responsibility Program – Minneapolis, MN;

- Teen Indian Parents Program – Minneapolis, MN;
- The Young Fathers Program – Minneapolis, MN;
- Center for Fathering – Minneapolis, MN;
- Urban Ventures Center for Fathering – Minneapolis, MN;
- Resource Center for Fathers and Families – Blaine, MN;
- MELD for Young Dads – Minneapolis, MN
- Minneapolis FATHER Project – Minneapolis, MN.

An advertisement was placed in a community newsletter. In addition, the debt-forgiveness Child Support Officer encouraged other child support staff to refer noncustodial parents. The largest percentage of volunteers (37.06%) reported that they had been referred by their Child Support Officer to the program.

In total there were 142 volunteers for the demonstration program. After checking the noncustodial parents' eligibility in the PRISM database, 59 were disqualified. The reasons for the disqualification of 59 participants from the sample are summarized in **Table 20**.

Table 20: Reason for Exclusion From Volunteer Sample

	Number Excluded
NCP Income Too High	1
Pa Arrears Balance Too Low	23
Arrears Are Owed to Another State	4
Case Is No Longer Charging/Closed	5
NCP Already Making Regular Payments	23
Miscellaneous	3
Total	59

Comparison of Response Rates

There were difficulties enrolling noncustodial parents for both recruitment strategies. There were many eligible noncustodial parents who either never responded to recruitment efforts or never enrolled after expressing an interest in the program. A summary of the response rates for the two samples can be found in **Table 21**.

Table 21: Comparison of Response Rates for the Different Samples

	Random Sample	Volunteer Sample
Number of Potential NCPs	1000	142
Number Qualified	759	83
Number Completed a Response Form	259	65
Number in the Experimental Group	208	44
Number of Signed Agreements	114	25
Percent of Qualified that Eventually Enrolled	15%	30.1%

Confidentiality

State, county, and research staff worked to protect the privacy and confidentiality rights of all program participants. Every noncustodial parent approached to participate in the debt-forgiveness program was provided with a written notice of his or her privacy rights. The written notice outlined the purpose for collecting information, the parties who have access to the information, the noncustodial parents' rights to refuse to answer questions, and the steps to appeal if the noncustodial parent feels that his or her information has been used inappropriately. These rights were iterated during all subsequent phone calls and meetings with the noncustodial parents.

Assignment of Control Group

Of those noncustodial parents who indicated an interest in the program a portion were assigned to the control group. Assignment to the control group was based on random selection from the qualified pool of applicants. Members of the control group were notified by mail that they would not be participating in the debt-forgiveness program. Control group participants were also mailed a comprehensive list of community resources that was created and maintained by the Hennepin County Child Support Division's child support staff.

Enrollment of Participants

All eligible participants who responded to the recruitment mailing and were assigned to the experimental group were contacted and provided an opportunity to meet with the project's child support staff (either in person or by phone) to enroll formally in the project. At this meeting the participant and the child support staff reviewed the requirements and potential benefit of participating in the program. Participants who agreed to enroll signed official agreements (which were notarized), completed a three-page survey, and received a Common Questions and Answers sheet and a case summary sheet.

Debt-Forgiveness Strategies

Participants had to commit to make ongoing payments of their current child support obligation for 12 consecutive months. Participants who successfully completed the debt-forgiveness program had their outstanding public assistance debt forgiven (the amount was specified in the agreement signed by the participant). If participants failed to make regular payments during the program, they were terminated from the program and their debt could be reinstated. Two debt-forgiveness strategies were used in the project. Participants in the experimental group would be randomly assigned to either Strategy A or Strategy B.

- **Strategy A:** Upon enrollment, 50% of the debt would be forgiven. The remaining portion would be forgiven at the successful completion of the program (ongoing payments for the entire 12 months).

- **Strategy B:** Upon enrollment, 10% of the debt would be forgiven. Additional amounts would be forgiven over the 12-month period (10% initially, 10% after three months, 30% after six months, and the remaining 50% upon completion).

In addition, participants in good standing had their driver's licenses reinstated if the child support agency had suspended the license for the cases included in their agreement. Also, the federal tax intercept enforcement tool was suppressed.

Collection of Default Order Information:

Default orders are associated with many of the variables under study in this program evaluation. It was decided that additional staff resources should be spent to collect default order information from the noncustodial parents' case histories. For the purposes of this study, a default order was defined as:

- The first order that establishes child support in which the noncustodial parent did not appear at the hearing or the noncustodial parent did not respond to the proposed child support amount.

Termination Procedures

During the course of the research project, the noncustodial parents who enrolled in the demonstration program were monitored on a monthly basis by the Child Support Officer. The noncustodial parents' payment activity was examined to ensure that they were making regular child support payments that matched or exceeded their monthly obligations. If a participant fell behind in making their payments, the noncustodial parents received a warning letter or phone call. At the participants' requests, the Child Support Officer would allow a grace period during which the participants could catch up in their payments. If a noncustodial parent continued to fall behind after they had received a written warning, the noncustodial parent received a second letter. The second letter was a final notification to the participant and the expected date of termination was announced. Even at this late stage, a noncustodial parent could make arrangements to settle his/her outstanding balance. If no arrangements were made, the

noncustodial parent was terminated from the program and the amount of the public assistance arrears forgiven as part of the demonstration program could be reinstated.

APPENDIX B: CHILD SUPPORT OFFICER WORKLOAD REQUIREMENTS

Significant resources are required to administer a comprehensive debt-forgiveness program like the one implemented in this demonstration program. One full-time employee was assigned to the caseload included in the debt-forgiveness program. The caseload administered by this Child Support Officer was about 125 cases, compared with an average enforcement caseload of 376 cases in Hennepin County. For the demonstration project, the relatively small caseload was balanced by additional responsibilities related to the project, such as managing the enrollment process and monitoring participant progress through the stages of the project.

The enrollment process was time-consuming both in scheduling and planning the enrollment meetings. Over the course of the project, 244 meetings with noncustodial parents had been scheduled. Seventy-two percent of these scheduled meetings resulted in an actual meeting. The scheduling attempts were required to enroll 139 noncustodial parents into the program. The agenda for the enrollment meetings included several items that required preparation time by the child support staff. The amount of time required for each meeting's preparation ranged from 10 to 30 minutes. In addition, the average length of an enrollment meeting was about 50 minutes, with some lasting as long as 90 minutes.

If an enrollment meeting was held, the result of the meeting may not have been a signed debt-forgiveness agreement. Of the enrollment meetings held, 38 resulted in an unsigned agreement because the noncustodial parent was unwilling to commit to the program for various reasons. While not tracked on a consistent basis, reasons that some noncustodial parents cited for not wishing to commit to the program included wanting "more time to think about it," and not wanting to commit without having a stable job. It was the Child Support Officer's responsibility to follow up with these noncustodial parents to determine if they changed their mind about participating in the program.

Communication with participants was extensive and required significant investment of staff time. Several letters and postcards were crafted to initiate contact with noncustodial parents during the project, including:

- The initial recruitment package sent to noncustodial parents at the beginning of the debt-forgiveness project. This package was mailed on four separate occasions during the course of recruitment.
- A reminder postcard sent to noncustodial parents who were slow to respond to the initial recruitment package.
- A letter of notification sent to noncustodial parents assigned to the control group.
- A letter of notification sent to noncustodial parents assigned to the experimental group. Unlike the control group's letter, this letter requested a meeting between the Child Support Officer and the noncustodial parents.
- A reminder postcard sent to the experimental group members who were slow to respond to the selection letter.
- A follow-up letter sent to noncustodial parents who attended an enrollment meeting, but did not sign the agreement at that time.
- An update letter sent to participating noncustodial parents with monthly updates on their status in the program.
- A warning letter sent to participating noncustodial parents who were falling behind their required monthly payments.
- A notice-of-termination letter sent to noncustodial parents who were terminated from the program.
- A congratulatory letter sent to noncustodial parents who successfully completed the program.

Additionally, much of the staff time was spent on recruitment of participants and maintaining a complex database for the research project. For recruitment, the project Child Support Officer not only sought contacts with the noncustodial parents but also with their Child Support Officers. Periodically, the Child Support Officer made presentations at staff meetings to describe the demonstration program. Those attendees were provided with personalized lists of

their clients who were being recruited for debt-forgiveness program. For the volunteer sample, the project Child Support Officer created flyers and negotiated advertisements for community newsletters.

For the maintenance of the database, the Child Support Officer had to manually track the information needed on the individual noncustodial parents. For example, the Child Support Officer had to determine the monthly payment obligations for each participant and manually track their payment activity.

Automation of some of these activities could offset some of the time requirements for tracking participant compliance. Similarly, recruitment efforts could be minimized if the program were administered on a permanent basis and available universally. It is possible that any significant reduction in time to administer the demonstration program could be allocated to intensive case management, which might be beneficial to those noncustodial parents who were unsuccessful in this project.

APPENDIX C: RECRUITMENT LETTER AND FLYER

An opportunity to reduce the amount you owe!

Dear: Noncustodial Parent Name,

You may be eligible to have a portion of your child support debt/arrears eliminated in exchange for a promise to pay ongoing current support.

You have been randomly chosen as a potential participant in a new research project. The purpose of this research is to examine whether writing off debt helps people pay ongoing current child support obligations. Some participants may have a substantial portion of their child support debt forgiven by the state. The enclosed brochure provides more information on the project.

To participate in this project, you must do the following:

1. Complete and return the response form enclosed. It **MUST** be **signed and dated**.
2. Verify certain eligibility criteria, such as your income.
3. Attend a meeting, either in person or by telephone with a Hennepin County Child Support Officer.
4. Sign an agreement to reduce your debt/arrears.
5. Fulfill the terms of the agreement. If the terms of the agreement are broken, any debt that was written off may be added back to your account.

Please respond quickly to let us know if you would like further consideration for this exciting new project. The first step is to complete and return the response form using the postage paid envelope.

Your responses will be kept confidential.

If you have any questions, please call (###) between the hours [## and ##]. Sorry, collect calls cannot be accepted.

Child Support Officer Name

Principal Child Support Officer

Hennepin County CSD

Project Outline

Eligibility Criteria

- Your annual income must be **\$25,000** or less. You will need to verify this with paycheck stubs and/or tax returns.
- You must have a child support charging order in Hennepin County.
- You must sign an agreement and do what you say you will do.

What can be eliminated and what can not?

- Any child support debts or arrears that are owed to the State of Minnesota qualify for this project.
- Any child support amounts owed to the custodial parent do not qualify for this project.

What is expected in return?

- Payment of ongoing child support on a regular basis.
- Follow all terms of the agreement you sign.
- Provide information for this research project as requested.

What happens if I do not do what I say in the agreement?

- Any child support debt/arrears that was written off as part of the agreement may be added back to your account.
- The agreement gets terminated.

**APPENDIX D: DEBT-FORGIVENESS PROGRAM AGREEMENT –
STRATEGY A**



Hennepin County Economic Assistance Department

Child Support Division
110 South Fourth Street
Minneapolis, Minnesota 55401-2280

(612) 348-3600, Phone
(612) 348-6643, Fax
(612) 348-3332, TTY
www.co.hennepin.mn.us

AGREEMENT

This AGREEMENT is between {PARTICIPANT'S NAME}, hereinafter called the "PARTICIPANT", and Hennepin County Economic Assistance, hereinafter called "THE COUNTY." This AGREEMENT is an Agreement to participate in a research project being administered by Hennepin County Economic Assistance, known as the Special Improvement Project Grant Project for Low-Income Noncustodial Parents. As a condition of participation in the project, the PARTICIPANT hereby certifies and agrees to the

following terms:

- I have at least one child support case in Hennepin County with a current charging amount.
- The Hennepin County child support case number(s) that is subject to this Agreement is {CASE NUMBER(S)}.
- My annual income is \$21,475.00 or less, and I am able to verify this information through paycheck stubs and/or tax returns.
- I have permanently assigned child support debt and/or arrears on the case(s) that is subject to this Agreement. This amount is owed to the State of Minnesota. The total amount that I owe to the State of Minnesota in the case(s) that is subject to this Agreement is **\$0.00**.
- I understand that my child support debt and/or arrears that are owed to the State of Minnesota in the case(s) that is subject to this Agreement can be entirely written off if I fulfill all terms of this Agreement.

- I understand that any child support debt and/or arrears that are owed to the other parent are not eligible to be included in this Agreement and that I still owe all amounts due to the other parent.
- I agree to pay in full all required amounts on all of my child support obligations, including any child support obligations that are not included in this agreement, for a minimum of 12 consecutive months starting the first of the month following the date that this Agreement is fully executed. If I have more than one child support case in the State of Minnesota, I understand that I must continue to pay in full all required amounts on all of my child support obligations.
- I agree to pay all amounts due on a timely basis.
- I agree to cooperate with THE COUNTY to establish an Income Withholding Order or an Automatic Recurring Withdrawal, if either of these payment options is available to me.
- I understand that if I do not complete the terms of this Agreement, regardless of which term, what reasons, or how many terms I do not complete, all of the permanently assigned debt and/or arrears that could be written off may be added back to my account.
- I understand that if I do not pay all required amounts on all of my child support obligations, including any child support obligations that are not included in this agreement, for a minimum of 12 consecutive months after this Agreement is fully executed, my participation in the project will end and all terms of this Agreement will be automatically terminated.
- I have had an opportunity to read materials regarding this project and any questions I may have about this project or this Agreement have been answered to my satisfaction.

THE COUNTY hereby certifies and agrees to the following terms:

- As long as the PARTICIPANT meets all requirements of the project, the COUNTY will take the following actions, if needed:
 - Reinstate, if possible, the PARTICIPANT'S Driver's License if it has been suspended for failure to comply with child support requirements in the past.

- Stop Federal Tax Refund Intercepts, if possible, provided that the PARTICIPANT remains in full compliance with this Agreement.
- Establish an Income Withholding Order or Automatic Recurring Withdrawal, if possible.
 - Write off the permanently assigned child support debt and/or arrears in the case(s) that is subject to this Agreement, according to the following schedule:
 - 50% when the PARTICIPANT and the COUNTY'S representative sign this Agreement, and the Agreement is notarized.
 - 50% after 12 consecutive monthly payments of all of the PARTICIPANT'S required amounts in all of the PARTICIPANT'S child support cases in the State of Minnesota have been received.
- These amounts will be temporarily written off until all terms of this Agreement are completely fulfilled by the PARTICIPANT. When the PARTICIPANT has fulfilled all terms of this Agreement, the COUNTY will permanently write off all of the permanently assigned child support debt and/or arrears that are owed on the case(s) that is subject to this Agreement.
- If the PARTICIPANT does not successfully complete any requirement of this Agreement, all amounts that were temporarily written off under this Agreement may be automatically reinstated as debt and/or arrears owing to the State of Minnesota. Any additional interest that would have accumulated on the amounts temporarily written off during PARTICIPANT'S inclusion in this project will not be calculated and reinstated.

I verify that I have read and understand all of the foregoing terms of this Agreement, and will be Bound by the Agreement. I also understand that this agreement is automatically rescinded if not FULLY executed by 05:00 PM Central Time on April 30, 2003.

Arrears Management for Low-Income Noncustodial Parents

PARTICIPANT

ON BEHALF OF HENNEPIN COUNTY
ECONOMIC ASSISTANCE

Date

Date

STATE OF MINNESOTA)

STATE OF MINNESOTA)

COUNTY OF HENNEPIN)

COUNTY OF HENNEPIN)

Subscribed and sworn or affirmed before me
this _____ day of April 2003.

Subscribed and sworn or affirmed before me this
_____ day of April 2003.

Notary Public

Notary Public

APPENDIX E: DEBT-FORGIVENESS PROGRAM AGREEMENT – STRATEGY B



Hennepin County Economic Assistance Department

Child Support Division
110 South Fourth Street
Minneapolis, Minnesota 55401-2280

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As a condition of participation in the project, the PARTICIPANT hereby certifies and agrees to the following terms:

- I have at least one child support case in Hennepin County with a current charging amount.
- The Hennepin County child support case number(s) that is subject to this Agreement is {CASE NUMBER(S)}.
- My annual income is \$21,475.00 or less, and I am able to verify this information through paycheck stubs and/or tax returns.
- I have permanently assigned child support debt and/or arrears on the case(s) that is subject to this Agreement. This amount is owed to the State of Minnesota. The total amount that I owe to the State of Minnesota in the case(s) that is subject to this Agreement is **\$0.00**.
- I understand that my child support debt and/or arrears that are owed to the State of Minnesota in the case(s) that is subject to this Agreement can be entirely written off if I fulfill all terms of this Agreement.

- I understand that any child support debt and/or arrears that are owed to the other parent are not eligible to be included in this Agreement and that I still owe all amounts due to the other parent.
- I agree to pay in full all required amounts on all of my child support obligations, including any child support obligations that are not included in this agreement, for a minimum of 12 consecutive months starting the first of the month following the date that this Agreement is fully executed. If I have more than one child support case in the State of Minnesota, I understand that I must continue to pay in full all of my required amounts on all of my child support obligations.
- I agree to pay all amounts due on a timely basis.
- I agree to cooperate with THE COUNTY to establish an Income Withholding Order or an Automatic Recurring Withdrawal, if either of these payment options is available to me.
- I understand that if I do not complete the terms of this Agreement, regardless of which term, what reasons, or how many terms I do not complete, all of the permanently assigned debt and/or arrears that could be written off may be added back to my account.
- I understand that if I do not pay all required amounts on all of my child support obligations, including any child support obligations that are not included in this agreement, for a minimum of 12 consecutive months after this Agreement is fully executed, my participation in the project will end and all terms of this Agreement will be automatically terminated.
- I have had an opportunity to read materials regarding this project and any questions I may have about this project or this Agreement have been answered to my satisfaction.

THE COUNTY hereby certifies and agrees to the following terms:

- As long as the PARTICIPANT meets all requirements of the project, the COUNTY will take the following actions, if needed:
 - Reinstate, if possible, the PARTICIPANT'S Driver's License if it has been suspended for failure to comply with child support requirements in the past.

- Stop Federal Tax Refund Intercepts, if possible, provided that the PARTICIPANT remains in full compliance with this Agreement.
- Establish an Income Withholding Order or Automatic Recurring Withdrawal, if possible.
- Write off the permanently assigned child support debt and/or arrears in the case(s) that is subject to this Agreement, according to the following schedule:
 - 10% when the PARTICIPANT and the COUNTY'S representative sign this Agreement, and the Agreement is notarized.
 - 10% after 3 consecutive monthly payments of all of the PARTICIPANT'S required amounts in all of the PARTICIPANT'S child support cases in the State of Minnesota have been received.
 - 30% after 6 consecutive monthly payments of all of the PARTICIPANT'S required amounts in all of the PARTICIPANT'S child support cases in the State of Minnesota have been received.
 - 50% after 12 consecutive monthly payments of all of the PARTICIPANT'S required amounts in all of the PARTICIPANT'S child support cases in the State of Minnesota have been received.
- These amounts will be temporarily written off until all terms of this Agreement are completely fulfilled by the PARTICIPANT. When the PARTICIPANT has fulfilled all terms of this Agreement, the COUNTY will permanently write off all of the permanently assigned child support debt and/or arrears that are owed on the case(s) that is subject to this Agreement.
- If the PARTICIPANT does not successfully complete any requirement of this Agreement, all amounts that were temporarily written off under this Agreement may be automatically reinstated as debt and/or arrears owing to the State of Minnesota. Any additional interest that would have

accumulated on the amounts temporarily written off during PARTICIPANT'S inclusion in this project will not be calculated and reinstated.

I verify that I have read and understand all of the foregoing terms of this Agreement, and will be Bound by the Agreement. I also understand that this agreement is automatically rescinded if not FULLY executed by 05:00 PM Central Time on April 30, 2003.

_____ PARTICIPANT	_____ ON BEHALF OF HENNEPIN COUNTY ECONOMIC ASSISTANCE
_____ Date	_____ Date
STATE OF MINNESOTA)	STATE OF MINNESOTA)
COUNTY OF HENNEPIN)	COUNTY OF HENNEPIN)
Subscribed and sworn or affirmed before me this _____ day of April 2003.	Subscribed and sworn or affirmed before me this _____ day of April 2003.
_____ Notary Public	_____ Notary Public