



Child Support Passthrough in Minnesota: A Process and Outcomes Evaluation



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Minnesota Department of Human Services
Child Support Enforcement Division

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Minnesota Department of Human Services
Child Support Enforcement Division
444 Lafayette Road
St. Paul, Minnesota 55155-3846



Submitted by:

Jane C. Venohr, Ph.D.	Laurie Davis Van Wert, M.S.W.
David A. Price, Ph.D.	Christa M. Anders, J.D.
Policy Studies Inc.	Advance Consulting LLC
999 18 th Street, Suite 1000	4118 Linden Hills Boulevard
Denver, Colorado 80202	Minneapolis, Minnesota 55410

CHILD SUPPORT PASSTHROUGH EVALUATION ADVISORY COMMITTEE

	Senior Planner
Dennis Albrecht	Minnesota Department of Human Services Child Support Enforcement Division
	Policy Analyst
Dianne Brown	Minnesota Department of Human Services, MFIP Program
	Senior Research Analysis Specialist
Leslie Crichton	Minnesota Department of Human Services, MFIP Program Assessment
	Assistant Director
Cheryl Hoium	Legislative Commission on the Economic Status of Women
	Director
Chuck Johnson	Minnesota Department of Human Services, MFIP Program
	Project Manager
Robert Clarence Jones	St. Paul Urban League Fathers and Families Project
	Functional Analyst
Nancy McLaughlin	Minnesota Department of Human Services, MAXIS Division
	Policy Analyst
Khahn Nguyen	Legal Services Advocacy Project
	Management Analyst
Nancy Nystuen	Dakota County
	Child Support Supervisor
JoAnn Shabatura	Hennepin County Collections Services Division
	Public Policy Director
Minh Ta	Children's Defense Fund — Minnesota
	Community Outreach Specialist
Zachary Tift	St. Paul Urban League Fathers and Families Project
	Staff Attorney
Regina Wagner	Legal Services Advocacy Project

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Child Support Passthrough Advisory Committee

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Executive Summary

OVERVIEW

Landmark welfare reform legislation in 1996 — the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) — changed the landscape of public assistance programs dramatically. First, PRWORA eliminated the Aid to Families with Dependent Children (AFDC) program, which was the major source of public assistance to low-income, single-parent families, and replaced it with the Temporary Assistance for Needy Families (TANF) program. PRWORA also changed many policies and procedures that govern implementation of the TANF program. Among those changes, it established a 60-month lifetime limit on the receipt of cash assistance. It also eliminated the requirement that states distribute the first \$50 of current child support collections to families and instead gave states the option of whether to distribute and how much of child support collections to distribute to families eligible for TANF benefits.

In response to the changes authorized by PRWORA, the Minnesota State Legislature passed a child support passthrough law, which was implemented in January 2001. The law included the following two key provisions of importance to TANF-eligible families:

- ✓ All collections of current child support and spousal maintenance must be distributed, or passed through, to the custodial parent; and
- ✓ All collections passed through to the custodial parent must reduce, dollar for dollar, the amount of cash assistance the family might otherwise have received under TANF. This is known as a zero disregard policy since passed through child support has no effect on the total income the family receives.

EVALUATION DESIGN

In seeking to understand the impacts of the passthrough law, the Minnesota Department of Human Services, Child Support Enforcement Division, contracted with Policy Studies Inc. to conduct an evaluation. The evaluation, funded under a Section 1115 Demonstration Grant from the federal Office of Child Support Enforcement, was designed to address the following questions:

- ✓ *How did the passthrough affect families?* This research focused on (1) what and how much parents knew about the passthrough policy, (2) parents' perceptions about the

impact of passthrough on their personal situation (e.g., total income available to them in a month, ability to budget), and (3) whether passthrough affected parents' behaviors and attitudes (e.g., increased cooperation with the child support program; greater involvement of parents with their children).

- ✓ *How did the State and county human services agencies develop and implement the passthrough? What challenges had to be overcome and what lessons were learned?* Minnesota's TANF program is the Minnesota Family Investment Program (MFIP). Under MFIP, eligible participants receive one cash grant that includes both their TANF and Food Stamps benefits. This created administrative problems for the agency in complying with federal law and regulation, problems that a passthrough policy could resolve. Yet, the implementation of passthrough required making changes to agency policies and procedures. The evaluation sought to identify those changes and the effort required to make them in order to instruct other states considering implementing or changing a passthrough policy.
- ✓ *What are the costs of passthrough to the State?* Regardless of whether and what proportion of child support collected is passed through to the family, the State is still required to share with the federal government any child support collected on behalf of families receiving TANF cash assistance. The federal government's share of child support collections is equal to the state's Medicaid reimbursement rate, which is usually about 50 percent in Minnesota. Thus, under Minnesota's passthrough policy, the primary costs to the State include the share of the child support collections it would normally have retained and the share of child support collections it must still pay the federal government. Offsetting these costs are any savings that result from decreases in TANF benefits paid to recipients of the passthrough.

The research used a pre/post evaluation design to assess the quantitative effects of the passthrough on families and to measure the costs of the policy to the State.¹ The database for the analysis consisted of a random sample of families receiving services from the child support enforcement agency.² We matched the sample to the MFIP database and collected information about receipt of public assistance benefits on the

¹ An experimental research design with random assignment of families to treatment and control groups would have yielded more rigorous findings about the impact of passthrough. It was not possible to implement that design, however, because the Legislature mandated that the policy change be applicable to all cases statewide effective January 1, 2001.

² The database for the passthrough evaluation built upon a database constructed for a prior study. We supplemented the data collected in the prior study using the same approach to sampling and data extraction. This resulted in a more cost effective study and a larger sample of cases for the analysis.

matched cases. The resulting database included longitudinal data on over 22,000 child support cases for calendar years 2000 and 2001, one year prior to and one year after implementation of the passthrough policy. About 4,000 of these cases also were eligible to receive cash public assistance benefits, and these cases are the foundation for most of the findings in the final report.

We assessed the qualitative effects of passthrough post-implementation only. This portion of the evaluation used a number of different data collection techniques, including (1) focus groups and interviews with State and county staff from the child support and MFIP programs; (2) focus groups and interviews with custodial and noncustodial parents; (3) a telephone survey of custodial and noncustodial parents; and (4) focus groups and interviews with advocacy organization representatives.

PASSTHROUGH POLICY IN OTHER STATES

By the end of 2001, most states had not taken advantage of the flexibility granted under PRWORA by adopting new child support passthrough policies. The table below presents the most recent information about passthrough policies in the 50 states and the District of Columbia.

Recent Passthrough Policies in the United States

Passthrough/Disregard Policy for TANF Cases	Number of States
State retains all child support collected.	26
Up to \$50 passed-through. Amount disregarded for purposes of TANF eligibility and benefits.	14
Up to \$40 passed-through. Amount disregarded for purposes of TANF eligibility and benefits.	1
Up to \$75 passed-through. Amount disregarded for purposes of TANF eligibility and benefits.	1
All support passed-through. Some or all of amount is disregarded for purposes of TANF eligibility and benefits.	4
All support is passed-through. No disregard for purposes of TANF eligibility or benefits.	1 (MN)
Other policies (experimental designs in WI and VT, \$50 passed-through for former AFDC recipients in IA, state retains collections but increases TANF grant by up to \$50 in WV).	4

Source: Center for Law & Social Policy (CLASP). *State Policy Re: Pass-Through and Disregard*. TANF Reauthorization Issues: Child Support Distribution Fact Sheets (February 2002).

To date, Wisconsin is the only state that has conducted an extensive and rigorous study on the impact of passthrough.³ The design and principal findings from that study serve as a useful benchmark for the Minnesota evaluation findings.

In 1997, Wisconsin implemented an experimental design to evaluate the impacts of passthrough. It randomly assigned all new public assistance cases to an experimental group and a control group. Families in the experimental group received a public assistance grant and 100 percent of current child support collections paid on their case. Thus, unlike Minnesota's passthrough, Wisconsin families received 100 percent passthrough and the passthrough had no effect on the amount of their public assistance grant. The control group in Wisconsin continued to receive their public assistance grant and a passthrough payment of up to \$50 of the current child support paid on their case.

The study tracked the cases through calendar years 1998 and 1999 and yielded many positive and interesting findings about the impacts of passthrough, even though not all the impacts were consistently observed over both years of the experiment. For example, compared to the control group, the experimental group showed:

- ✓ Some increase in the proportion of cases with paternity established;
- ✓ Some increase in the percentage of cases paying child support, and
- ✓ Some increase in the amount of child support paid per case; but
- ✓ No increases in the level of work effort or earnings for either the custodial or noncustodial parent.

The study also found that the benefits were achieved without increasing government costs. Overall, the researchers concluded that a policy with a 100 percent passthrough and a 100 percent disregard has a positive impact and they estimated that the impact could be even larger in states moving from no passthrough to a 100 percent passthrough with a 100 percent disregard.

³ Meyer, D. and M. Cancian, *W-2 Child Support Demonstration Evaluation Phase 1: Final Report*, Institute for Research on Poverty, University of Wisconsin-Madison (April 2001).

IMPACT OF PASSTHROUGH ON POLICY DEVELOPMENT AND IMPLEMENTATION

The Minnesota Department of Human Services was charged with developing the policies and procedures necessary to implement the passthrough policy. We conducted focus groups with State and county child support and MFIP staff to understand the complexity of, and issues encountered in, this process. Much of the group discussion dealt with technical issues related to the State's child support and MFIP information systems. Staff viewed these technical issues as the major hurdle to developing and implementing the passthrough by the legislatively-mandated effective date.

Staff identified three major policy areas that had to be addressed as part of the passthrough development process. This included making decisions about:

- ✓ How to ensure that child support distribution complies with all federal law and regulation, including treatment of excess support;
- ✓ How to handle child support paid directly to the custodial parent by the noncustodial parent (i.e., direct support); and
- ✓ Whether to treat passed-through child support as income to the child or to the adult on the MFIP grant.

Focus group participants identified several factors that led to success in developing these policies and implementing the passthrough policy, and several lessons they learned as a result of this process. They included the following:

- ✓ *Build staff linkages across departments and involve staff early in the policy development process.* A strong existing relationship between child support and MFIP staff was a significant asset. Even given that strong relationship, however, coordinating efforts and communication across Divisions and Departments posed some challenges.
- ✓ *Work with legislators to keep policies simple.* The non-prescriptive language (i.e., the lack of specific administrative mandates) in the passthrough legislation gave State staff the flexibility they needed to design the passthrough policy.
- ✓ *Have a clear, compelling reason for enacting the policy.* This helps garner staff support for the policy change.
- ✓ *Begin planning for change as early as possible.* Implementation was successful partly because a significant amount of advance planning occurred prior to and during the legislative session that adopted the passthrough policy.
- ✓ *Identify and commit the resources needed to develop and implement the change.* Top-level administrators need to commit adequate resources early in the development process.
- ✓ *Try to limit the number of changes.* Implementing several major policy changes simultaneously creates stress and confusion for State and county staff and the families they serve.

- ✓ *Give staff adequate training prior to the policy change.* The passthrough policy required significant staff training. Staff members believed this training was adequate. They understood the policy, although some found it difficult to explain to parents.

A final observation from focus group participants was how implementation of the passthrough policy had increased integration between the child support and MFIP staff through increased information sharing and cooperation on behalf of families.

IMPACT OF PASSTHROUGH ON FAMILIES

A principal objective of the evaluation was to assess the impact of the passthrough policy on families. The policy arguments made in support of passthrough are that it may (1) increase family income (but without some disregard this may only happen as the result of other changes in parental behavior); (2) increase the noncustodial parent's willingness to establish paternity and a child support order; (3) increase voluntary compliance with child support obligations since all the money is sent to the family, (4) increase noncustodial parents' involvement with their children and custodial parents' willingness to facilitate that involvement, (5) increase work effort from both parents, and (6) reduce custodial parents' reliance on public assistance benefits and help them exit public assistance programs sooner. Among the potential drawbacks are that (1) child support is an uncertain source of income and families exiting public assistance may face financial difficulties if child support payments decrease or stop altogether, and (2) child support is counted as income in determining eligibility for some benefit programs (e.g., housing assistance); thus, passthrough may adversely affect families' receipt of benefits. Finally, practitioners wondered whether families would suffer financially because of the retrospective budget period Minnesota uses to calculate cash assistance benefits under MFIP.

Observations of State and County Staff

Public Awareness

Focus group participants said efforts to inform parents of the passthrough policy may have been adequate, but that it was still difficult to get parents to pay attention to policy changes until the point at which their pocketbooks were affected. They also said that noncustodial parents were especially difficult to educate, because they are not directly affected financially by the policy. It was their opinion that if noncustodial parents were not aware of the policy, it could never change their behavior.

Financial Impact

Staff and advocates believed that the financial impact of passthrough on families was not as significant as they anticipated, but that there were problems. These problems resulted primarily from the uncertainty of child support receipt and the difficulties families faced in budgeting scarce resources to respond to monthly billing cycles. Staff viewed these problems as more acute because of the retrospective budgeting policy in the MFIP program.

Behavioral Impact

Generally, staff and advocates had not observed any positive behavioral changes (e.g., increased payments) or negative behavioral changes (e.g., increased incidences of domestic violence) that could be attributed to the passthrough. Most advocates believed that because parents were not really aware of the child support passthrough and/or did not fully understand how it worked, the policy change was unlikely to influence their behavior.

Observations of Parents

Public Awareness

In their survey responses, a plurality of custodial parents (47%) and a majority of noncustodial parents (67%) reported knowing nothing about the passthrough policy. Only 30 percent of custodial and 12 percent of noncustodial parents said they knew a lot about the policy, but when asked to report what they knew, their answers were not always correct. Taken together, it did not appear that parents had a good understanding of passthrough, despite efforts by the State, counties, and legal services advocates to educate parents about it through mailed notices and pamphlets, which, according to parents, were their main source of information.

Financial Impact

Custodial parents who responded to the survey generally liked receiving child support payments separately, but this was about all they liked. Although they did not report major economic changes as a result of the passthrough, they cited several problems it had created. The problems they reported were:

- ✓ More frequent fluctuations in their MFIP grant amount,
- ✓ Slight decreases in overall household income,
- ✓ Decreases in the amount of money the noncustodial parent contributed toward expenses,

- ✓ More trouble paying for necessities (e.g., housing, food), and
- ✓ More difficulty managing their household budgets.

By contrast, noncustodial parents generally were more positive about the impacts of the passthrough policy even though the vast majority claimed not to know anything or very little about it. Regardless of that fact, they mostly agreed that they were more willing to pay support because the other parent received the payments and now knew how much support had been paid. Almost half reported that they contribute more money toward the other parent's expenses since the passthrough.

Behavioral Impact

Most of the positive changes in parental behavior researchers and practitioners hoped would result from passthrough were not reported by parents. But, parents did mention other positive effects. Custodial parents reported (1) a decrease in the amount of conflict with the noncustodial parent concerning parenting issues, (2) an increased willingness to cooperate with the child support program, and (3) a greater awareness of the amount of child support paid in their case. However, they also reported (1) slight decreases in the amount of time the noncustodial parent spent with the child(ren), and (2) slight increases in conflict with the noncustodial parent over money issues.

Among the positive changes noncustodial parents reported were (1) a slight increase in the amount of time they spent with the child(ren), (2) an increased willingness to cooperate with the child support program, and (3) an increase in the custodial parent's awareness of the child support paid. The one negative change they reported was an increase in the number of conflicts they had with custodial parents over parenting and money issues.

Findings from Case Data

Financial Impact

The three key financial issues we measured using administrative data were the impacts of passthrough on (1) MFIP grant amounts, (2) exit from MFIP, and (3) family budgets resulting from irregular child support payments and retrospective budgeting.

- ✓ *MFIP grant amounts.* Grant amounts should be lower following the implementation of passthrough because the amount of child support paid to families reduced the amount of the MFIP grant dollar-for-dollar. The data confirm that this impact occurred.

- ✓ *MFIP exit rates.* Practitioners hoped that a secondary effect of the passthrough policy would be increased work effort and exit from MFIP. MFIP exit rates actually decreased in the year following implementation of passthrough compared to the year prior to implementation. We believe this finding is related to the economic recession that coincided with passthrough implementation and therefore is not a result of the passthrough policy.
- ✓ *Family budgets.* Advocates were concerned that the passthrough policy may create financial hardships for families if child support payments were not paid consistently, on time and in the full amount. The evaluation found that there was no change in the regularity of payments pre- and post-implementation of passthrough, although there was a slight decrease in the average payment amount.

Behavioral Impact

The evaluation examined two questions that were principal research issues in the Wisconsin experiment. They were:

- ✓ *Are parents more likely to establish child support orders due to the passthrough policy?* Wisconsin found no increase in the percentage of cases with child support orders. The Minnesota study observed an increase in child support order establishments, but the increase was very small, and lacking a control group, it is impossible to attribute the increase to the passthrough policy.
- ✓ *Are noncustodial parents more likely to pay child support because payments now go directly to the family than to the State?* The Wisconsin passthrough experiment with a 100 percent disregard found increases in the proportion of paying cases and in the amount of child support paid. No similar increases were observed in the Minnesota study. Moreover, statements made by noncustodial parents in focus groups indicated that the passthrough would have no impact on their willingness to pay child support. We believe the difference in the two studies can be explained at least partly by two facts: (1) Wisconsin offered a 100 percent disregard of the child support paid to the family in calculating public assistance benefits and (2) implementation of the passthrough policy in Minnesota coincided with an economic recession.



IMPACT OF PASSTHROUGH ON STATE/FEDERAL COSTS

The cost analysis looked at the impact of passthrough on families and costs to the State of Minnesota and the federal government. The financial cost to families was neutral since the income to the family remained the same pre- and post-implementation of passthrough. There may have been a psychological cost as a result of fluctuating income every month and the timing of payments, but we could not measure these costs in the study.

Determining the costs of the passthrough policy to the State and federal governments is complex and must consider the following factors.

- ✓ *Federal share of retained collections.* As a condition of receiving federal funding for the child support program, the State must pay the federal government a share of all child support collected on behalf of families that receive cash assistance. This share is equal to the state's Medicaid reimbursement rate, which in Minnesota was 51.20% in FFY2000 and is 50.28% in FFY2001.
- ✓ *The total MFIP grant combines Food Stamps and cash assistance.* The total MFIP grant consists of Food Stamps — which could be funded either through the Federal Food Stamp Program or through the State's Food Stamp Program — and cash assistance paid with state and federal TANF funds. The State and federal governments fund the cash assistance portion of the MFIP grant at varying levels.
- ✓ *The Federal/State share of the cash portion of the MFIP grant.* TANF does not set a fixed federal/State split of program expenditures. Instead, it requires states to maintain a certain level of overall spending known as Maintenance of Effort (MOE) that relates to a state's level of pre-welfare reform funding for public assistance and related programs. Spending in a variety of programs can count toward a state's MOE, so changes in the composition of state programs funded under MOE can affect how much of the cash portion of MFIP is funded by the State and federal governments. In SFY2001, the federal and State shares of MFIP cash assistance were approximately 43.5% and 56.5%, respectively. The shares in SFY2002 were approximately 62.0% and 38.0%, respectively.

The outcome of our cost analysis shows that the net cost of passthrough to the State was \$15.2 million in FFY 2001.

CONCLUSIONS

In general, the evaluation findings support the conclusion that Minnesota's passthrough policy has had a relatively neutral effect on families. Most of the effects we observed after the implementation of passthrough were no different from the effects families experienced in the year prior to passthrough implementation. The findings also show that the costs of passthrough, which we estimated at about \$15.2 million, did not exceed the cost estimates prepared by DHS analysts in support of the passthrough policy.

While passthrough implementation was associated with some instances of negative consequences for families, these impacts generally were not substantially different from what families experienced pre-implementation. The greatest concern, however, was that passthrough would result in uncertain or irregular family budgets because families were now more reliant on child support payments. Inconsistent child support payment amounts coupled with the retrospective budget cycle could cause hardship on low income families. Our analysis shows that child support payments did fluctuate from month to month, sometimes substantially, but no more so than before passthrough was implemented.

One positive effect of passthrough was it decreased the number of months counted toward the 60-month TANF limit for those families made ineligible for MFIP-cash assistance due to passed through child support payments. A month is only counted toward the time limit if there is cash assistance. Another potentially positive effect of passthrough is the finding from the parent surveys that they are somewhat more willing to cooperate with the child support enforcement program now than before passthrough was implemented. Unfortunately, reports from parents who participated in focus groups cast doubt on this finding.

Finally, the evaluation learned that there were several administrative barriers that had to be overcome to successfully implement the passthrough policy on the date mandated by the Legislature. Clearly, the effort and dedication shown by DHS staff from the child support and MFIP programs, and by technical staff in particular, were important in achieving a relatively smooth transition to the new policy and thus reducing the number of administrative problems the passthrough might have created for families.

Chapter I Introduction

1. BRIEF DESCRIPTION OF THE PASSTHROUGH EVALUATION PROJECT

In January 2001, the Minnesota Department of Human Services (DHS) Child Support Enforcement Division contracted with Policy Studies Inc. (PSI) to evaluate Minnesota's child support passthrough law that was implemented on January 1, 2001. The child support passthrough legislation in Minnesota requires current child support collections and spousal maintenance to be distributed to families receiving public assistance through the State's combined TANF and Food Stamps Program, the Minnesota Family Investment Program (MFIP). A Section 1115 Demonstration Grant from the Federal Office of Child Support Enforcement (OCSE) partially funded the evaluation. Primarily, the demonstration project evaluated the financial and behavioral impacts of passthroughs on families that receive public assistance by testing some of the commonly cited theories regarding the benefits of passing through child support.

In addition to presenting the evaluation findings from the research project, this report explores the policy development and implementation process and describes the major State costs associated with the passthrough policy. The policy development, implementation, and cost information should be instructive to other states considering implementing or revising their passthrough policies.

This evaluation project was specifically designed to incorporate a variety of information gathering strategies to gain a thorough perspective on the implementation process and outcomes associated with Minnesota's passthrough policy. Data collection methods used for this evaluation included:

- ✓ Focus groups and interviews with State and county staff from the child support and MFIP programs;
- ✓ Focus groups and interviews with custodial and noncustodial parents;
- ✓ Telephone survey of custodial and noncustodial parents;
- ✓ Focus group and interviews with advocacy organization representatives; and
- ✓ Administrative data extracts from the MFIP MAXIS system and the child support PRISM system.

This report presents findings from these data collection activities as they relate to the three major Research Objectives: (1) the impact of the passthrough on families, (2) policy development and implementation issues surrounding passthrough, and (3) State passthrough costs. The report also includes a chapter that summarizes the findings related to each Research Objective.

2. TERMINOLOGY

The Minnesota child support program uses terminology that may not be familiar to readers from other states or to readers familiar with programs that assign different meanings to the same terms. To assist readers, the key terms used throughout this report are defined below:

- ✓ **TANF:** Temporary Assistance to Needy Families, the federal program that funds and regulates Minnesota's MFIP program. TANF replaced the Aid to Families with Dependent Children (AFDC) program in 1996.
- ✓ **MFIP:** Minnesota Family Investment Program, which is Minnesota's TANF program. Minnesota has a waiver that allows TANF and Food Stamps to be combined. As a result, MFIP benefits may include MFIP Food (the Food Stamp benefit) and MFIP Cash Assistance (the TANF cash grant).
- ✓ **PA:** Public Assistance, which encompasses benefits including MFIP, Food Stamps, Child Care Assistance, and Medical Assistance.
- ✓ **IV-D/PA:** Child Support/Public Assistance case. Specifically, this term refers to a child support case with a corresponding MFIP case.¹
- ✓ **Passthrough:** distribution of child support collections to a custodial-parent family. This term *only* applies to public assistance cases in which the custodial parent directly receives child support payments that would have been distributed to the State to offset TANF assistance prior to the change in passthrough policy. It does not include child support that families would have received directly anyway prior to the change in policy (e.g., former TANF families received child support payments directly before and after the change in policy, so their child support payments are not included). Child support collections distributed under Minnesota's passthrough provision are not disregarded to determine a family's MFIP eligibility or grant amount.
- ✓ **Emergency Assistance:** a public assistance benefit available to families for one month during any consecutive 12-month period to meet certain emergency needs, including rent and utility costs.
- ✓ **Significant Change:** a MFIP program provision that allows families to request an increase in their MFIP grant amount in a given month if unusual, unexpected, or nonrecurring occurrences cause fluctuations in income.
- ✓ **MAXIS:** the information system used to capture Minnesota public assistance case data.
- ✓ **PRISM:** the information system used to capture Minnesota child support case data.
- ✓ **Check:** used figuratively in this report to describe the method by which parents receive MFIP cash assistance, Food Stamp benefits, and passed-through child

¹ IV-D refers to Section IV-D (42 USC §§ 651-669) of the Social Security Act, which governs administration of the child support program.

support. IV-D/PA parents actually receive the MFIP cash portion through an automatic teller machine (ATM). The Food Stamp portion is distributed through an Electronic Benefit Transfer (EBT). An EBT card is similar to a debit card that is swiped through a point-of-service (POS) terminal at an enrolled grocery store. In turn, the purchase amount is deducted from the EBT card. Noncustodial parents generally send child support payments to the State Child Support Payment Center (either directly or via income withholding). In turn, the custodial-parent family receives a check or direct deposit.

3. CHILD SUPPORT AND PUBLIC ASSISTANCE

The enactment of significant welfare reform in 1996—The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)—eliminated the Aid to Families with Dependent Children (AFDC) program, which was the major source of public assistance to low-income, single-parent families, and replaced it with the Temporary Assistance for Needy Families (TANF) Program. TANF gave states significant flexibility in designing their public assistance programs. This resulted in numerous, dramatic changes to public assistance for families, including a 60-month lifetime limit on receipt of cash assistance. One significant change was states were no longer *required* to distribute the first \$50 of child support collections to families, as was required with the AFDC program. TANF gave states the option of whether to distribute child support collections to cash assistance families. This is significant when evaluating Minnesota’s passthrough policy.

A federally mandated feature of the AFDC program was a passthrough of the first \$50 of child support collected on behalf of AFDC recipients each month. This amount was disregarded (i.e., not counted as income) when computing the amount of the State’s public assistance grant to a family. It was believed this would encourage custodial parents to cooperate with the child support enforcement program. It was believed that noncustodial parents would be more likely to comply with child support orders if some portion of their payment would be used to increase the income available to their children.

Over the years, little practical support developed for the policy, especially among those who administered it. The passthrough seemed to create significant administrative problems while producing few benefits for families and failed as a tool to increase custodial parent cooperation or noncustodial parent compliance. Given the discretion granted under PRWORA, most states eliminated the child support passthrough altogether. Eliminating the \$50 passthrough may also have been a cost saving measure, because it allowed states to recapture a greater proportion of public assistance payments.

Despite the historical lack of enthusiasm for the \$50 passthrough, the concept is undergoing a re-examination as is the overall role of the child support enforcement

system. Until recently—in the aftermath of PRWORA implementation—many perceived the primary role of child support enforcement to be cost recovery in public assistance cases. With the growing recognition that child support will likely be a key component of income for families once they leave public assistance, the role of the child support enforcement agency is changing.

Child support collections are increasingly looked upon as an important source of income for families as they exit welfare programs. As more families begin to transition off public assistance—due either to reaching time limits or increased earnings—some policy makers see child support passthroughs as a way to ease and sustain that transition. When families receive child support, regardless of their public assistance status, some policy makers believe they are better able to prepare for their eventual and inevitable transition off public assistance.

Recent studies show that child support represents about 26% of average family income for families receiving public assistance and child support. For poor families that do not receive public assistance but do receive child support, child support represents about 35% of family income.² This research data indicates that the success of many families leaving public assistance may depend on whether they receive child support payments. If a passthrough policy for public assistance recipients increases parental cooperation and compliance with the child support enforcement system, it is likely that more children will have the resources of both parents available to them when the custodial parent stops receiving public assistance.

² Sorensen, Elaine, Chava Zibman (1999). *To What Extent do Children Benefit from Child Support?* The Urban Institute. Washington, D.C.

4. OVERVIEW OF CHILD SUPPORT PASSTHROUGH

Elements of a Passthrough Policy

Before outlining some of the policy arguments for instituting a child support passthrough system, it is helpful to highlight the three key elements of any passthrough policy. These include:

- ✓ The *amount or proportion* of every child support payment that should be passed through to the family;
- ✓ The *types* of child support payments that should be passed through; and,
- ✓ The amount or proportion of the passthrough that should be *disregarded* for the purposes of calculating the family's public assistance benefits.

The first element is the amount of child support to be passed through to the family. As mentioned above, AFDC policy required a passthrough of the first \$50 in child support collected each month. Under PRWORA, states may pass through any amount, from zero to the full amount of support paid each month. It is important to note, however, that regardless of how much child support is passed through, states are still required to share with the federal government any child support collected on behalf of families receiving assistance. The federal share of assistance child support collections is equal to the state's Medicaid reimbursement rate, which is usually about 50% in Minnesota. States with a passthrough policy forego not only their share of the child support collection, but typically must also use state resources to pay the federal government's share of the collections.

The second element of a passthrough policy concerns the types of payments to be passed through to the family. States have the discretion to only pass through current child support and spousal maintenance payments or to pass through all payments, including payments toward arrears.

The third passthrough policy element concerns how much of the passed through support should be disregarded when determining a family's monthly public assistance grant amount. Under the old AFDC policy, the entire \$50 was disregarded. Under PRWORA, states have the flexibility to disregard any percentage of passed through child support. Options include disregarding: (1) all passed through child support (maximizing family income), (2) none of the passed through child support (leaving family income unchanged from the amount of the public assistance grant), or (3) some other percentage or amount. For example, states using option three could treat child support much like earned income, which in Minnesota's case would mean disregarding 38% of passed through child support when calculating the monthly MFIP benefit.



The policy enacted in Minnesota passes through all current child support and maintenance collected on behalf of a family receiving MFIP, but does not disregard any of the child support when calculating a family's MFIP grant amount.

Policy Arguments Supporting Passthrough

Researchers, advocates, and social welfare professionals had discussed passthrough policy for several years prior to its implementation in Minnesota, with some calling for reinstitution of a passthrough for child support payments, both within states that do not currently pass through child support, as well as at the national level. As part of that discussion, the Minnesota Legislature mandated that the Department of Human Services (DHS) study the issue. As a result, child support passthrough policy was explored at a conceptual level in a February 2000 Report to the Legislature, commissioned by the DHS's Child Support Enforcement Division and prepared by PSI. This report explored both the child support passthrough and arrears forgiveness, and recommended that Minnesota adopt legislation to implement a child support passthrough. This recommendation was based in part on administrative simplification of Minnesota's MFIP program and the potential for Minnesota to be eligible for federal incentives to implement a passthrough policy—based on provisions in pending federal legislation at that time. The report also contained the following policy arguments in favor of a child support passthrough.

Increase Family Income

Many of the policy arguments for a child support passthrough focus on improving the financial situation of children by increasing the income available to families receiving public assistance. There is hope that passed through child support, when combined with employment income, will help families transition off public assistance sooner than they would without child support. However, it is not clear whether families will be better off financially if the passthrough policy does not contain a disregard for calculating TANF benefits. Most recent federal passthrough proposals incorporate generous disregard policies to ensure that TANF families are better off if they receive child support payments.

Increase Parental Involvement

Many advocates of passthrough policies suggest that such policies establish a stronger link between a noncustodial parent's financial resources and his/her child(ren). This link between economic resources and children is thought to be an important factor that determines noncustodial parents' willingness to comply with child support orders. The theory is based on the belief that when a noncustodial parent knows that the family does not benefit directly from child support payments because they are retained by the State,

the noncustodial parent is less likely to pay child support. Because there is no disregard included in Minnesota's passthrough policy, this evaluation is able to explore whether simply knowing child support paid goes directly to the family (even if their MFIP is reduced dollar-for-dollar) makes noncustodial parents more likely to pay support.

A corollary to the theory that the passthrough creates a stronger financial link between noncustodial parents and their children is that it also strengthens other ties between noncustodial parents and their children. This corollary states that noncustodial parents who support their children financially may be more likely to participate in their children's lives in other ways. Also, custodial parents who receive child support may be more willing to cooperate with noncustodial parents in other child-related matters, including visitation³.

Other Research

The Report to the Legislature also included a review of research literature regarding child support passthrough. The emerging themes identified from recent child support research included:

- ✓ Child support is an uncertain source of income for low-income families⁴, and many families facing TANF deadlines under the 60-month time limit are likely to exit welfare programs without having secured legal rights to child support.
- ✓ Child support can be a significant income source for families that receive it.⁵
- ✓ There is some evidence to suggest that passthrough with a disregard will increase child support payments and paternity establishment, but so far the evidence does not suggest that these positive outcomes, in turn, increase work effort.

Passthrough Policy in Other States

Despite all of the state and national interest in child support passthrough, most states have not taken advantage of the flexibility granted under PRWORA and adopted child support passthrough policies. Exhibit I-1, below, displays the most recent information about passthrough policies in the states.

³ In Minnesota, visitation is referred to as "parenting time." For purposes of this report, however, the term "visitation" is used, as many non-Minnesota readers may not be familiar with the term "parenting time."

⁴ United States General Accounting Office (GAO) (1998). *Child Support an Uncertain Income Supplement for Families Leaving Welfare*. Publication GAO/HEHS-98-168. Washington D.C.

⁵ *ibid.*

Exhibit I-1 Recent Passthrough Policies in the United States

Passthrough/Disregard Policy for TANF Cases	Number of States
State retains all child support collected.	26
Up to \$50 passed-through. Amount disregarded for purposes of TANF eligibility and benefits.	14
Up to \$40 passed-through. Amount disregarded for purposes of TANF eligibility and benefits.	1
Up to \$75 passed-through. Amount disregarded for purposes of TANF eligibility and benefits.	1
All support passed-through. Some or all of amount is disregarded for purposes of TANF eligibility and benefits.	4
All support is passed-through. No disregard for purposes of TANF eligibility or benefits.	1 (MN)
Other policies (experimental designs in WI and VT, \$50 passed-through for former AFDC recipients in IA, state retains collections but increases TANF grant by up to \$50 in WV).	4

Source: Center for Law & Social Policy (CLASP). *State Policy Re: Pass-Through and Disregard*. TANF Reauthorization Issues: Child Support Distribution Fact Sheets (February 2002).

There are a variety of passthrough policy scenarios in various states, although only a few are subject to rigorous evaluation efforts. Wisconsin is the only state to conduct an extensive and rigorous study on the impact of passthrough.⁶ Wisconsin experimented with a 100% passthrough with a 100% disregard beginning in 1997. All cases entering Wisconsin's replacement of the AFDC program, Wisconsin Works (also called W-2), were randomly assigned to an experimental or control group. Those assigned to the experimental group received 100% of child support paid toward current support, and in turn, that amount was disregarded in the calculation of any W-2 cash assistance. Those in the control group continued to receive the \$50 passthrough or 41% of the child support paid toward current support, whichever amount was greater.

The study tracked the cases through calendar years 1998 and 1999 and yielded many positive and interesting findings, including:

- ✓ Increases in paternity establishment;
- ✓ Increases in the percent of paying cases and the amount of child support paid; but
- ✓ No increases in work effort or earnings; and
- ✓ No increase in government costs.

⁶Daniel R. Meyer and Maria Cancian, *W-2 Child Support Demonstration Evaluation Phase 1: Final Report* Institute for Research on Poverty, University of Wisconsin-Madison (April 2001).

The researchers concluded that passthrough has a positive impact and that the impact could even be larger in states moving from no passthrough to a 100% passthrough with a 100% disregard. (Recall, the difference in Wisconsin was the result of a comparison of cases with a 41% passthrough to cases with a 100% passthrough). Further, the impact would grow as more cases entered W-2 with no previous experience with AFDC. (The researchers found the positive impacts of passthrough were larger for those with no previous experience with AFDC.)

The Wisconsin evaluators also conducted numerous non-experimental studies on the impact of passthrough.⁷ For example, one of the non-experimental studies examined whether any differences existed in child support payments over time and among states with differing passthrough and disregard policies. Most of the analyses from these non-experimental studies supported the conclusion that passthrough coupled with a disregard would increase child support payments.

5. CONTEXT FOR PASSTHROUGH IN MINNESOTA

Legislative History

The February 2000 Report to the Legislature recommended that the State adopt a child support passthrough policy. One reason was the need to simplify administration of the State's MFIP program. Prior to the implementation of the passthrough, the MFIP program structure was incompatible with federal child support assignment and distribution rules because of certain definitions of "assistance" contained in the TANF regulations. The MFIP program combines cash assistance and Food Stamp benefits into one grant. This structure made it impossible to correctly assign child support collected for public assistance recipients and comply with federal law and regulation. Implementing the child support passthrough to MFIP recipients resolved the assignment problem, which was a major impetus for the DHS' effort to have the Legislature adopt the passthrough during the 2000 Legislative Session.

Acknowledging that improving the economic circumstances of MFIP families is also important, the DHS' proposal for a child support passthrough in Minnesota included a 50% disregard for child support collections distributed to families receiving MFIP assistance. Some members of the legislature opposed the disregard provision because of concerns about equity among similar MFIP families that differ only in their receipt of child support payments. In this scenario, a family that receives child support and has a portion disregarded for calculating MFIP assistance is likely to be financially better off than a family that does not receive child support, which some legislators thought was

⁷ Daniel R. Meyer and Maria Cancian, *W-2 Child Support Demonstration Evaluation: Report on Nonexperimental Analyses: Volume 1: Comparative Summary of Quantitative Nonexperimental and Experimental Analyses*, Institute for Research on Poverty, University of Wisconsin-Madison (March 2002).

inequitable. Legislators were also concerned that the cost of the passthrough would fall solely on the State. In the final conference committee negotiations, the legislature decided to enact a passthrough provision that achieves administrative simplification and compliance with the TANF regulations but without a disregard for calculating MFIP benefits.

Unique Features of MFIP

The outcomes attributed to the passthrough policy covered in this report may be affected by several factors that may be unique to Minnesota. To help the reader interpret how the results reported here might differ in their state, some of these factors are discussed below.

MFIP uses retrospective budgeting when calculating benefit levels each month, so that income received by a family in one month is considered when determining the MFIP grant amount two months later. This retrospective budgeting has a significant impact on families receiving passed through child support, especially when the noncustodial parent does not consistently pay the full amount of child support ordered. For instance, a family with a newly established child support order that receives a \$450 MFIP grant in January 2001, along with the ordered amount of child support of \$300, would receive all \$750 in January. With retrospective budgeting, the family's MFIP grant would not be reduced for January's child support until March 2001. Because there is no disregard of child support when calculating the family's MFIP grant amount for March, the family would receive \$150 in MFIP benefits for March. If the noncustodial parent failed to pay child support in March, the family would still receive only \$150 in MFIP benefits during the month. Retrospective budgeting may cause significant variation in family income from one month to the next. This income variation could present a particular challenge for MFIP recipients working in hourly and/or transient jobs that already cause fluctuations in their earned income. In addition, explaining to MFIP recipients the relationship between passthrough and retrospective budgeting can be a complicated procedure for county workers.

In addition, the State supervises the MFIP program but staff in individual county social service offices administer the program. Although every county uses the same information systems (MAXIS for MFIP and PRISM for child support), how they interpret and apply State-developed policies varies somewhat from county to county. As a result, a passthrough policy development and implementation process may be different in a state where social services are supervised and administered by state staff. This evaluation made an effort to focus on policy development and implementation issues that may be applicable in other states and to leave out issues directly related to Minnesota's human service structure.

6. OVERVIEW OF EVALUATION

Minnesota's passthrough evaluation focused on three primary Research Objectives, discussed below.

How did the Passthrough Affect Families?

This question assessed the outcomes for families that receive child support payments while receiving public assistance benefits through MFIP. This area includes a demographic description of the passthrough-eligible families as well as information on the financial and behavioral impact of the passthrough on those families. The evaluation specifically sought information on factors that might mitigate the effect of the passthrough on families, such as being unaware or misinformed about the policy, and the effect of passing through child support on other (non-MFIP) types of public assistance.

How did the State and Counties Develop and Implement the Passthrough?

This question required collecting documentation on the passthrough development and implementation to inform other states as they encounter similar policy issues. The evaluation gave consideration to the training and public awareness activities related to policy implementation as well as suggestions for future operational and policy changes related to the passthrough.

What were the State-Level Costs Associated with the Passthrough?

Here, the evaluation sought to obtain State-level cost estimates for the passthrough that will be useful to other states and the federal government. The evaluation considered specific State costs including the decrease in revenue resulting from the lost share of child support collected on public assistance cases and the cost of reimbursing the federal government for its share of those collections. The other major focus targeted measuring the decreased State MFIP costs associated with reductions in MFIP payments to families receiving child support, due to Minnesota's no disregard policy. One additional cost-related question was whether the State incurred an increased or decreased cost caused by changes in the use of non-MFIP public assistance related to the passthrough.

Evaluation Approach

The evaluation explored the Research Objectives listed through a combination of data collection approaches. The first approach involved a series of focus groups with a wide range of audiences to gather qualitative information about the passthrough. Focus groups explored in detail a number of key issues, such as: (1) the obstacles State and county staff encountered in implementing the passthrough policy, (2) how parents and

policy makers were informed about the policy and how it would change the calculation and timing of public assistance benefits, and (3) the consequences application of the passthrough had on family budgets and well-being. The findings from focus groups helped add context to the quantitative findings from surveys and analysis of administrative data.

The evaluation initially used data from focus groups with State and county staff from the child support and MFIP programs to answer questions related to outcomes for families and, to a greater extent, questions about the policy implementation process. Evaluators conducted county staff focus groups in the Twin Cities metropolitan area and in Greater Minnesota. Periodic contacts with selected participants from staff focus groups resulted in the gathering of additional information about the implementation process and to answer specific questions related to the passthrough policy.

Custodial parents, noncustodial parents, and representatives from various advocacy organizations representing parents affected by the passthrough policy also participated in focus groups and interviews. To determine if there were any culturally specific issues related to the passthrough, Southeast Asian custodial parents participated in a focus group and evaluators conducted interviews with Somali custodial parents. These focus groups and interviews with parents and advocates primarily provided answers to research questions related to outcomes for families. Focus groups with advocacy organization representatives provided additional information on the policy implementation process.

To obtain a larger research sample that allowed comparisons of outcomes for families among various subgroups, the evaluation also included a telephone survey of custodial and noncustodial parents. The survey sought to learn (1) what parents knew about the passthrough policy and where they learned about it; (2) what, if any, problems it created for parents (e.g., uncertainty of fund receipt, handling multiple payments); and (3) whether the passthrough had any impact on parents' behaviors (e.g., cooperation with the child support agency, contact with the children, compliance with child support orders).

An additional component was the development of a large database that linked case-level administrative data from the MFIP and child support programs. These data allowed extensive longitudinal analysis and answered research questions related to outcomes for families and costs to the State of implementing the passthrough policy.

Exhibit I-2 provides a summary of the various research methods used to address each of the three evaluation questions.

Exhibit I-2 Research Methodology by Research Area

Research Methodology	Outcomes for Families	Policy Implementation Process	Costs to the State
Focus Groups and Interviews—State and County Child Support and MFIP Staff	✓	✓	
Focus Groups and Interviews—Custodial and Noncustodial Parents	✓	✓	
Focus Group and Interviews—Advocacy Organization Representatives	✓	✓	
Telephone Survey—Custodial and Noncustodial Parents	✓	✓	
Administrative Data from Child Support and MFIP	✓		✓

Timeline of the Project

The Child Support Passthrough Evaluation Project began in January 2001, immediately following the implementation of the passthrough policy in Minnesota. Evaluators conducted focus groups with State and county staff between March and July 2001. State and county staff and Advisory Committee members participated in follow-up interviews as needed throughout the project.

Parents and advocates participated in focus groups and interviews between July and September of 2001. Parents received the telephone survey in October 2001. Evaluators conducted research with parents as late as possible in the year to ensure that the parents would have the maximum amount of experience with the passthrough policy before they were asked to share their experiences for this evaluation.

Administrative data collection occurred for each month in 2001 (in addition to the longitudinal data from 1999 and 2000). Evaluators analyzed the administrative data in Spring 2002.

7. ORGANIZATION OF THIS REPORT

The remainder of this report is organized into the following chapters:

- ✓ *Chapter 2: Research with State and County Staff and Advocates.* This Chapter includes information collected through focus groups and interviews with State and County staff from the Child Support and MFIP programs, along with information collected from a wide variety of advocates. The primary focus of Chapter II is Research Objective 2: policy development and implementation issues surrounding the passthrough.
- ✓ *Chapter 3: Research with Parents.* This Chapter includes information collected through a telephone survey conducted with custodial and noncustodial parents and focus groups with custodial and noncustodial parents. The findings in this Chapter primarily address Research Objective 1: impact of the passthrough on families.
- ✓ *Chapter 4: Administrative Data.* This Chapter includes findings gathered through analysis of administrative data collected on child support cases with corresponding MFIP cases. This information addresses Research Objective 1: impact of the passthrough on families; and Research Objective 2: State costs of the passthrough.
- ✓ *Chapter 5: Summary of Findings.* This Chapter summarizes the major findings from Chapters II, III, and IV and organizes the findings according to the three Research Objectives.

Chapter II

Research with State and County Staff and Advocates

1. BACKGROUND OF THE FOCUS GROUPS AND INTERVIEWS

After the Minnesota Legislature passed legislation authorizing the child support passthrough during the 1999-2000 session, staff from the Minnesota Department of Human Services (DHS), the Child Support Enforcement Division (CSED), and the Families with Children Division were charged with creating policies and procedures to implement the change by January 1, 2001. Although the child support passthrough had been proposed and discussed in various forms for several years, DHS staff had only six months after the passage of the legislation to prepare for the January 1, 2001 implementation date. The effort required extensive cooperation between the two divisions, as well as with other State agencies and county social services staff, including both child support and Minnesota Family Investment Program (MFIP) workers.

PSI conducted focus groups and interviews with State and county staff and representatives from advocacy organizations to address Research Objective 1—assessing outcomes for families, and Research Objective 2—documenting the development and implementation of the passthrough policy. The focus groups, as well as the interviewees, discussed the following issues:

- ✓ Financial impact on families;
- ✓ Behavioral changes in families;
- ✓ Policy development;
- ✓ Policy implementation, including the organizational, programming and procedural changes necessary for implementation, as well as the effect of implementing the passthrough on overall administration of the child support and MFIP programs;
- ✓ Training, including dissemination of information to State and county staff involved in implementing the passthrough policy;
- ✓ Public awareness, including dissemination of information on the passthrough to the public (custodial and noncustodial parents); and
- ✓ Suggestions for future operational and policy changes, including information related to the State's ability to monitor and fine-tune the passthrough policy.

Minnesota has a State-supervised, county-administered system for delivering human services. State staff members develop and transmit policies and general procedures to counties throughout the State for implementation. The first goal of this evaluation was to solicit information from as many people as possible with direct involvement in the development of the passthrough policy and procedures at the State level. We held focus groups and conducted interviews with staff members from a number of Minnesota

counties to collect information about policy development and implementation. Staff focus group participants also completed a brief survey about the development and implementation of the passthrough and their thoughts about its likely impact on families. The following individual focus groups met:

- ✓ State child support staff;
- ✓ State MFIP staff;
- ✓ County child support staff from the Twin Cities metropolitan area;
- ✓ County MFIP staff from the Twin Cities metropolitan area;
- ✓ County child support staff from Greater Minnesota;
- ✓ County MFIP, child care, and housing assistance staff members from Greater Minnesota; and
- ✓ Representatives from advocacy organizations.

We also conducted interviews with representatives from other State programs affected by the new passthrough policy, including the Minnesota Housing Finance Agency, the Child Care Assistance program, the Food Stamp program, and the Medical Assistance program. Although we attempted to include the representatives from these programs in the focus groups with State child support or MFIP staff to gain a clearer picture of the interaction between the staff members from the various programs, none of the representatives from the other programs was able to attend.

The focus groups with advocates sought to identify the effect that the passthrough was having on families by talking to people who work closely with the families affected. PSI held two focus groups with advocates, including one that was solely comprised of domestic violence advocates. We held individual interviews with a few additional advocates who could not attend the focus groups. The advocates who participated in the focus groups also attempted to gather feedback and information about the passthrough from their advocacy colleagues by sending out e-mail questions and conducting a more formal survey at an annual advocacy conference.

In this Chapter, we present findings from the data gathering activities discussed above. All information contained in this Chapter was gathered through focus groups and interviews with staff and advocates. No conclusions or recommendations from the Project Team are included in Chapter II. The methodology used for recruiting and conducting the focus groups and interviews is included in Appendix A. The Appendix also includes the survey instruments.

2. MAJOR THEMES FROM FOCUS GROUPS AND INTERVIEWS

The following section provides a brief overview of some of the major findings from focus groups and interviews conducted with State and county staff and representatives from advocacy organizations. More detail on these findings is contained in Section III of this Chapter.

Policy Development and Implementation

State and county staff highlighted the following success factors and lessons learned through the passthrough policy development and implementation process:

- ✓ Many of the major challenges encountered in developing and implementing the passthrough policy are related to the overall complexity of the child support and MFIP programs and their respective information systems, PRISM and MAXIS.
- ✓ A strong existing relationship between child support and MFIP staff is a significant asset. Even given that strong relationship, however, coordinating efforts and communication across Divisions and Departments poses difficult challenges. It is important to involve other public assistance programs early in the policy development process, although there were mixed reports about whether that happened adequately.
- ✓ The non-prescriptive language (lack of specific administrative mandates) of the passthrough legislation provides State staff with necessary flexibility in designing the passthrough policy.
- ✓ Having a clear, compelling reason for enacting the policy helps garner staff support for the policy change.
- ✓ Although there were less than six months between adoption of the passthrough legislation and the implementation date, implementation was successful, due, in part, to significant advance planning occurring prior to and during the legislative session.
- ✓ Commitment of necessary resources by top-level Department staff is needed early in the development process.
- ✓ Implementing several other major policy changes simultaneously with the passthrough creates stress and confusion for State and county staff and the families they serve.

Three major policy issues had to be addressed as part of the passthrough development process:

- ✓ Ensure child support distribution complies with all federal law and regulation, including treatment of excess support;
- ✓ Decide how to handle child support paid directly to the custodial parent by the noncustodial parent (i.e., direct support); and
- ✓ Decide whether to treat passed-through child support as income of the child or the adult on the MFIP grant.

After development of the passthrough policy, significant training of State and county staff occurred. Overall, staff members believed training on the new policy was adequate. They understood the policy, although found it difficult to explain to parents. One advantage of the passthrough is increased integration between the child support and MFIP programs, through increased information sharing and cooperation on behalf of families.

Influence on Families

Implementation of the passthrough affected families in a number of areas. Below, we briefly describe our findings from interviews and focus groups in the following areas.

Public Awareness

Focus group participants said efforts to inform parents of the passthrough policy may have been adequate, but that it was still difficult to get parents to pay attention to policy changes until the point at which their pocketbooks were affected. They also said that noncustodial parents were especially difficult to educate, because they are not directly financially impacted by the policy. They also expressed that if noncustodial parents were not aware of the policy, it could never change their behavior.

Financial Impact

Although passthrough's financial impact on families has not been as significant as staff and advocates anticipated, they report that families do encounter some important financial issues as a result of the passthrough. These issues relate primarily to the uncertainty of child support and difficulties in budgeting scarce resources to respond to monthly billing cycles. Although budgeting difficulties seem to affect all families, they are particularly severe for families with noncustodial parents who do not pay child support on a regular and/or timely basis.

Behavioral Impact

Generally, staff members and advocates have not observed positive behavioral changes (e.g., increased payments) or negative behavioral changes (e.g., increased incidences of domestic violence) attributable to the passthrough. Most advocates believe that because parents are not really aware of the child support passthrough and/or do not fully understand how it works, the policy change is unlikely to influence their behavior.

Suggestions for Change

Most of the changes recommended by State and county staff were operational or technical in nature—primarily concerning specific programming changes or screen display characteristics specific to PRISM and/or MAXIS. State and county staff members had mixed feelings about enacting some level of disregard as part of the passthrough policy. Advocates supported a disregard and said that the passthrough alone was a good first step in the right direction for families.

3. FINDINGS FROM STATE CHILD SUPPORT AND MFIP STAFF FOCUS GROUPS AND INTERVIEWS

Policy Development

The Minnesota Department of Human Services was charged with developing the policies and procedures necessary to implement the passthrough policy. Focus groups with State child support and MFIP staff were instructive in understanding the complexity and issues encountered in this process. County staff members were also asked about their perceptions of the policy development process.

Much of the focus group discussion with State and county staff members dealt with technical issues related to the State's child support and MFIP information systems, PRISM and MAXIS. Because the details of these discussions are very specific to Minnesota and are thus not instructive to other states exploring passthrough policies, those details are not included in this report. ***It is important to stress, however, that staff viewed these technical issues as the major hurdle to developing and implementing the passthrough by the legislatively mandated effective date.***

What Worked Well

Child Support – MFIP Relationship. The most frequently cited reason for the success of the passthrough policy development and implementation was the long-standing positive working relationship between child support and MFIP staff members. Staff

members from the two programs had existing relationships and communication mechanisms, and relatively good knowledge of one another's programs; indeed, it is not uncommon for staff to have experience working in both child support and MFIP positions, either at the State or county level. This built-in "cross-training" was extremely useful in developing and implementing a policy that clearly impacted both programs. State staff members who were former county workers also expressed that their county experience helped them to develop the policy so that it would be understandable and workable for county staff and parents.

Legislative Language. Another factor aiding the development and implementation of the passthrough was the general nature of the legislative language enacting the passthrough. The lack of specific administrative language in the bill allowed flexibility for the Department in developing and implementing the policy. Legislative language is included in Appendix B.

Impetus for Change. As mentioned in Chapter I, the primary impetus for enacting the child support passthrough in Minnesota was to resolve the child support assignment difficulty caused by the distinction between cash and non-cash assistance, an issue that posed significant challenges for administration of the MFIP program. Child support and MFIP staff clearly understood the need to resolve this problem quickly to avoid legal action against the State. Although philosophical arguments can be made for passing through child support, they were not central in Minnesota's decision to do so. This negated a long-standing debate among child support and MFIP staff about whether the passthrough was a viable method for motivating custodial and noncustodial parents.

Much of the philosophical opposition to the passthrough came from staff members with long-term program experience who believed that the \$50 passthrough policy under the old AFDC (Aid to Families with Dependent Children) program had no impact on families and added unnecessary complications to the child support and public assistance programs. Although certain staff members would have opposed the passthrough purely on philosophical grounds, they understood and supported the need for Minnesota to adopt the passthrough and did not waste energy or time debating the policy's other merits.

Implementation Timeframe. A frequently cited success factor was the long implementation timeframe. As mentioned earlier, the passthrough policy had been proposed and discussed within DHS for several years prior to the 2000 Legislative Session, increasing staff familiarity with the concept. Once it was clear that the passthrough would become law in some form, CSED created an official Passthrough Project Team in January 2000, just as the legislative session began. Although the Team did not know the final form the legislation would take, they were able to begin planning and collecting information. In April 2000, a survey was sent to several county staff members asking them to identify their biggest concerns and make suggestions about the

passthrough policy. This pre-planning helped child support and MFIP staff to prepare for quick action once the legislation was passed. The legislation was passed in late spring 2000 and took effect January 1, 2001.

Technical and functional staff members from both child support and MFIP worked closely together starting in October to develop the technical specifications. This coordination was necessary, as the passthrough required very significant changes to both programs' automated systems (PRISM and MAXIS). Lack of a disregard was cited as a factor that made the programming changes easier; child support was treated the same way as unearned income for MFIP eligibility and benefit determination, and much of that programming was already in place.

Coordination with Other Public Assistance Programs. Several participants mentioned the importance of taking time early in the policy development process to identify programs and agencies affected by the passthrough. Food Stamps, MinnesotaCare, Medical Assistance, Child Care Assistance, and subsidized housing were all programs potentially affected by the passthrough implementation. CSED convened a 20-member Child Support and TANF Work Group to ensure the passthrough policy development and implementation was coordinated with all affected programs. Interviews with members of this Child Support and TANF Work Group indicated that other programs thought they had been adequately involved in policy development and were fully aware of the policy.

Lessons Learned

Competing Priorities. A number of focus group participants from both child support and MFIP suggested that although the passthrough policy was implemented successfully, there were times when it seemed they might miss the deadline. There were many competing priorities within DHS, and the highest priority among these initiatives was not clear to the Project Team until management identified the passthrough as the Child Support Enforcement and Families with Children Divisions' top priority.

Coordination. While focus group participants cited the strength of the relationship between child support and MFIP as a key success factor, coordinating efforts between the two programs was also cited as the major challenge in developing and implementing the passthrough. The passthrough had significant impact on both programs, and it was often unclear which program was leading the effort.

For example, some child support staff members said that child support had not been adequately involved in drafting or lobbying for the legislation. MFIP took the lead and presented the issue to the Legislature primarily as a resolution to the cash versus non-cash assistance dilemma. Some child support staff members expressed frustration that more attention was not paid to including a disregard for the purpose of bolstering

families' efforts to achieve self-sufficiency and to increase noncustodial parents' motivation to pay child support.

Another major lesson was that the passthrough had significant "ripple effects" on other public assistance programs. Although State representatives from affected programs believed they had been adequately involved and informed about the policy, county representatives from those same programs expressed frustration at the lack of information they received about the policy and its impact on their clients.

Housing subsidiaries constituted one form of public assistance most affected by passed through child support subsidies; when child support dollars replace MFIP dollars, due to lack of a disregard, each child support dollar may reduce a family's housing subsidy by \$.30. Representatives from county housing agencies said they had received no information on the passthrough and were not prepared to assess its effect related to their clients' housing assistance eligibility.

MFIP staff commented that unless they believe a policy change will have a major impact on other programs, information about the change is simply included in legislative summaries, bulletins, or other communications to which other agencies should have access. In the case of the passthrough, housing staff did not believe this communication was adequate.

Challenges

Communication. Another challenge to coordinating policy development between the two programs was difficulty in communicating. Each program depended upon the other to provide information on case handling methods. One participant cited an example in which MFIP staff said a particular case scenario would "never happen." Programming was done based on that assumption, and in fact, the case scenario in question did occur when the policy was implemented, thus creating a need for subsequent adjustments in policies and procedures.

In seeking to coordinate policy development efforts, the child support and MFIP programs also ran into problems related to use of terminology. For instance, the term "distribution" meant something different to staff members in the two programs. MFIP staff used the term "distribution" instead of "passthrough" because, within the MFIP program, "passthrough" still referred to the \$50 AFDC passthrough. Confusion also existed between the groups regarding the meaning of "disbursement date," and whether the term referred to the date on which the Child Support Payment Center sent the check to the parent, or the date on which the parent received the check.

Multiple Policy Changes. One of the biggest challenges to successful passthrough implementation was that two other policy changes with major impact on the child

support and MFIP programs took effect within several months of January 1, 2001. The first, which was directly related to the passthrough, was the separation of cash and Food Stamp benefits within a family's MFIP grant (for more information, see the discussion of this issue in the Introduction). The second was Minnesota's implementation of changes in federal law and regulation regarding child support distribution, referred to collectively as the "10/1/2000 distribution changes."

Coordinating the functional and technical analysis necessary to implement these multiple policy changes through changes to the child support and MFIP automated systems at approximately the same time was extremely difficult. The tight timeframe for implementing these multiple policy changes put significant stress on Department of Human Services policy and technical resources. This stress was only magnified as the changes were implemented by county staff working with parents affected by most or all of the policy changes. Even within focus groups conducted with experienced, informed county staff, staff members mistakenly brought up problems related to the distribution changes when asked about problems related to the passthrough.

Key Policy Issues

In addition to the technical and process issues related to the policy development and implementation discussed above, focus group participants also discussed several major policy issues related to the passthrough. Those issues are highlighted below.

Distribution. Ensuring that the passthrough policy and related changes conformed to federal law and regulations governing distribution of child support payments was one of the biggest policy issues. The child support and MFIP programs are extremely complex, and passthrough policy changes created ripple effects throughout both programs. Reprogramming both systems required a complex functional analysis of many case scenarios. For example, receiving passed through child support may make a family transition off of MFIP two months later (due to retrospective budgeting). How and when to make that case "flip" from a public assistance to former assistance case, and how to then distribute child support for that case, constituted a critical element in the development and implementation of the passthrough policy.

Another distribution-related policy challenge was how to distribute excess support (child support dollars collected in excess of the child support order amount within a given period). Distribution errors become difficult to remedy when child support is passed through to the family. Prior to passthrough, distribution errors could be fixed by changing data in the system without directly impacting families. Under passthrough, if a family erroneously receives child support dollars, there is the issue of whether the money should be recovered by the county.

Direct Support. One issue that MFIP focus group participants said was not adequately addressed during policy development was direct support. Prior to passthrough, county child support workers were responsible for proper accounting and handling of child support paid directly to the custodial parent by the noncustodial parent. In some situations, such as when there is excess support, the county should recover direct support, even though child support is generally passed through to the custodial parent. MFIP staff members from the State and the counties said there had not been enough attention paid to direct support issues during passthrough policy development, and that conflicting expectations existed regarding which program would be held responsible for recovering direct support that exceeds the monthly child support order amount. The counties that had dealt most successfully with issues of direct support were those in which MFIP and child support workers had direct, ongoing communication about cases (e.g., counties where the child support officer called the financial worker to report direct support received by the parent).

Child vs. Adult Income. During passthrough policy development, DHS staff made the major policy decision to treat passed through child support as income of the child on an MFIP grant for eligibility determination. Child support orders are usually structured in such a way that child support obligations are not broken out by the number of children in the family. The child support program could thus be said to attribute all child support collected to the custodial parent (e.g., the caregiver). In contrast, the federal Food Stamp and SSI programs prorate the amount of child support collected by the number of children covered by the child support order and then count the child support as income for each child, for purposes of determining eligibility and benefit levels. Implementing the passthrough required Minnesota to make a decision about whether to treat child support as caregiver or child income. After extensive discussion and legal and policy analysis, DHS decided to treat passed through child support as belonging to the child when determining MFIP eligibility and benefit levels.

Policy Implementation

After development, the passthrough policy and procedures were transmitted to county child support and MFIP offices for implementation. Much of the information on the implementation process came from focus groups held with county child support and MFIP staff. State child support and MFIP staff also provided some insights in this area.

Impact on MFIP Recipients

Much of the discussion about how the passthrough implementation affected the child support and MFIP programs related to interaction with MFIP recipients. Initially, recipients familiar with the pre-passthrough procedures struggled to understand why the amount of the MFIP check on the first of each month changed, and why receiving child

support would cause their MFIP grant to decrease two months later. As a result, recipients increased calls to child support and financial workers, as well as to the State child support policy Help Desk. Workers said it took time to educate recipients about this kind of policy change, and found it necessary to help recipients set realistic expectations about what money they would actually receive under the new policy, versus what would be retained by the State (tax intercepts, some arrears, etc.).

Advocates most frequently mentioned the inability of their clients to pay rent, either in full or on time. Advocates had anticipated more evictions and homelessness, but found that the passthrough's impact was not as severe as expected. They did point out that the inability to pay rent was still significant, especially given the housing shortage, since nonpayment of rent is grounds for the issuance of an unlawful detainer, which makes it extremely difficult for a person to locate new housing. Many landlords also charge late fees for rent that is not paid at the beginning of the month. The imposition of the late fees does not rise to the level where the recipient would call a lawyer but it does make it harder to meet basic needs. Advocates say parents are constantly juggling bills and trying to figure out how long they can postpone payment without having services cut off. The uncertainty and fluctuation of the child support and MFIP amounts exacerbates the financial stress they already face.

After the initial confusion, however, many county workers said the passthrough policy was easier to explain to recipients than the previous policy. Child support workers said this was because child support is now received by the custodial parent the same way regardless of whether a custodial parent was on MFIP or not. The passthrough policy makes it easier for workers to help parents understand how regular child support payments may provide them with the additional income necessary to transition off MFIP.

When asked to compare the new passthrough to the AFDC \$50 passthrough, county workers expressed more support for the new version, saying it was less confusing and generated fewer questions than the AFDC passthrough. One worker described the current passthrough as “more cooperation and less work” than the old \$50 passthrough. In general, child support workers reported an increase in cooperation from custodial parents who “suddenly” were able to locate the other parent or find a court order from another State.

One of the biggest changes in assisting MFIP recipients after passthrough implementation was an increased need to help families adjust to the fluctuation in monthly income when child support reduces MFIP grants due to retrospective budgeting. Financial workers provided budgeting assistance through one-on-one meetings, evening meetings, and education sessions for parents. These activities increased in the financial workers' workload and many said they made little difference because budgeting is difficult to do when MFIP recipients' income is very low.

Improvement of Program Administration

The passthrough improved the administration of both the child support and MFIP programs by helping the State resolve the cash vs. non-cash assistance dilemma without requiring the complete dismantling and rebuilding of the MFIP program and information systems. Beyond this, many focus group participants from both child support and MFIP said the passthrough did little or nothing to improve or simplify their work.

Those county staff members who did report the passthrough improved their work in some way said it forced more integration of the child support and MFIP programs. For example, because passthrough requires workers from one program to be more aware of a recipient's interaction with the other program, child support workers were granted access to their recipients' information in the MFIP MAXIS information system.

Also, the passthrough requires information to be shared in a proactive and timely manner, which increased communication between child support and MFIP staff members. County focus group participants reported more "teaming" between staff members from the two programs. Financial workers reported inviting child support workers as "standard participants" in policy and case meetings. This not only increased cooperation between staff members, but some workers believed it also increased both programs' cooperation with parents. As one child support worker said, "Passthrough has helped other human service staff recognize the importance of child support." This is especially important as MFIP recipients begin to approach their 60-month MFIP time limits and become more reliant on child support.

Complication of Program Administration

Many child support and financial workers said implementing the passthrough resulted in an immediate increase in the number of calls they received from parents. The magnitude of this increase seemed to vary greatly between workers. Some workers reported the volume of calls was "significantly less" than anticipated. One child support worker, with a caseload of all public assistance cases, said the volume of calls from custodial parents had doubled as a result of the passthrough. Another child support worker said that custodial parents receiving MFIP had become "the most demanding" segment of her caseload.

State child support policy staff reported that they initially had to handle the 20 percent of cases that "did not go by the book" at the beginning. After implementation, policy development had to evolve as these "exceptions" were encountered. County child support staff also reported some increase in workload as a result of the passthrough,

because custodial parents are more “invested” in their cases when they actually receive the support and thus demand more from workers.

In general, county MFIP staff reported that the passthrough complicated their work. One financial worker estimated that staff members from her office spent “an additional one and a half to two days per month” on passthrough-related work. Functional changes to the MAXIS and PRISM information systems caused much of the additional effort for financial workers. These changes required workers to respond to additional automated work requests. In addition, several financial workers said that child support-related issues had become a “top priority” because they had to be resolved before a family would receive its check. This created more work for financial workers and more conflict between financial workers and recipients.

Several financial workers commented that they now have to “touch” more cases every month. Prior to the passthrough, an MFIP case in which the parent was not working often required little work. Now, if that same non-working parent receives any child support, the financial worker has to “work the case” during the month. There is also much greater potential for error as a result of the complexity related to the passthrough. For example, in a family receiving MFIP that has more than one noncustodial parent making child support payments for multiple children, financial workers must attribute the proper portion of the support to the proper children to ensure that both the MFIP eligibility determination and grant amount are accurate.

Financial workers also reported an increase in calls from staff of other programs about how to budget the child support received by the custodial parent. For example, a Section 8 Housing worker from one county called the county’s financial worker to learn more about the passthrough and how to treat the child support when determining housing subsidies. Advocates also said that more needs to be done to educate other agencies about the passthrough policy change, and specifically mentioned housing agencies.

Now that financial workers are more aware of the amount of money coming into a household, they are encountering new policy issues related to the impact of child support. The State MFIP policy makers had to seek guidance from representatives of federal programs regarding how to handle child support dollars received by a family when determining eligibility or calculating benefits for other public assistance programs.

Some focus group participants thought that this complexity makes training new staff members more challenging and may result in increased staff turnover. Advocates spoke of their desire for uniform and respectful government customer service for parents. They mentioned that child support workers have not moved entirely away from the cost recovery rationale for child support and must be encouraged to concentrate on getting money to families.



Training and Public Awareness

Training and Awareness of State and County Staff

State and county staff from the child support and MFIP programs received information via a number of different methods to educate them on the new passthrough policy and its impact on procedures:

- ✓ Members of the Child Support and TANF Work Group disseminated information to their respective agencies;
- ✓ MFIP staff received information through MAXIS Mail (e-mail) and from MAXIS mentors in their county;
- ✓ DHS issued several policy bulletins, which are widely distributed to professionals in the human services arena, focused on passthrough and passthrough-related policies and procedures;
- ✓ Supervisors saw presentations on the passthrough at meetings around the State. Others who saw these presentations include various other county staff groups, including Advisory Boards;
- ✓ CSED's *Child Support Quarterly* publication published articles on the passthrough;
- ✓ County staff statewide watched satellite broadcasts that transmitted information;
- ✓ CSED disseminated Interim Policy & Procedure (IPP) on the passthrough to county child support staff;
- ✓ Interested staff could attend walkthroughs of passthrough-related changes to PRISM; and
- ✓ The State revised all child support training materials include passthrough and related issues.

In addition to these formal efforts to disseminate passthrough information to staff, a significant amount of “peer training” among county staff also occurred. Many focus group participants believed this was the most effective training method, especially because it occurred as problems and questions arose.

On average, State child support and State MFIP focus group participants “strongly agreed” the passthrough training was adequate. County child support focus group participants neither agreed nor disagreed that the training had been adequate, but they did agree that they understood the policy well enough to explain it adequately to parents. County MFIP staff focus group participants agreed that the training had been adequate and that they could adequately explain the policy to parents.

Parent Education Efforts

DHS made several efforts to inform both custodial and noncustodial parents about the passthrough policy. DHS sent notices to custodial and noncustodial parents prior to the policy's implementation. They also placed a notice on child support bills sent to noncustodial parents, but a similar notice did not appear on checks received by custodial parents. Legal Aid staff drafted a "parent-friendly" notice and DHS mailed it to all custodial parents. County-initiated efforts included placing notices about the passthrough in county MFIP offices and holding public meetings for MFIP parents to educate them on the policy. Only one of these sessions, specifically for Somali custodial mothers, was particularly well attended. State staff also made presentations on the policy to several fatherhood advocacy organizations.

On average, staff focus group participants stated that these outreach efforts were successful in making custodial parents aware of the passthrough policy. They neither agreed nor disagreed when asked if the custodial parents actually understood the passthrough and knew that it would impact their MFIP eligibility and grant amount. In the focus groups, staff expressed doubt about whether custodial parents understood the policy. One example given was that custodial parents viewed the first two months of passed-through child support as "a windfall" and were surprised when their MFIP grant went down in the third month. Responsibility for educating the parents ultimately fell on the financial workers who received calls from confused parents. Financial workers found it especially difficult to explain the passthrough to non-working MFIP recipients. These recipients do not understand the concept of retrospective budgeting, unlike working parents, who are accustomed to fluctuating MFIP grant amounts caused by periodic changes in earnings.

When asked if they believed noncustodial parents were aware of the passthrough policy, staff focus group participants on average neither agreed nor disagreed. The same was true when they were asked if noncustodial parents understood how the policy works. In the focus groups, county staff expressed doubt that noncustodial parents had received enough information.

One focus group discussion expressed that it might have been helpful to have conducted a mailing to all parents that reminded them they can get information on child support payments from the Integrated Voice Response (IVR) system. The mailing could have also given them their Personal Identification Numbers (PIN) for that system. Focus group participants believed this might have eliminated many of the calls received by child support and financial workers.

Participants in the State staff focus groups said that one strategy that worked well was having the Child Support and TANF Work Group review all materials prior to publication. This review helped to ensure that materials used the proper terminology

and that information was helpful and accurate for staff and participants in various programs.

Advocates believed the State and county efforts to inform parents, bolstered by the letters and other materials drafted by Legal Services, did as well as could be expected in disseminating information about the changes in child support and MFIP policy. Notwithstanding these efforts, however, most believed parents did not fully understand the passthrough policy well enough to be able to fully process the information.

Advocate Education Efforts

Advocates had undergone largely informal training. Most advocates had not received any specific information from State or county government, although one person had received a forwarded e-mail from a county worker. They learned of the passthrough through their established networking systems, including direct peer training and information exchange, as well as accessing information from the Internet. The advocates did not raise concerns about their own training and indicated that the governmental efforts to inform parents were adequate. They encouraged the State and county agencies to continue to educate parents about current policy and practices as well as changes. They also believed that many parents, despite adequate information, are simply not able to process the level of detail needed to be able to understand complex issues like the child support passthrough. One advocate expressed the belief that some parents live every day in a “crisis mode,” and getting a piece of mail that does not address the most pressing crisis of that day means the information is not relevant enough to be processed and understood.

Impact on Families

We asked focus group participants to discuss their thoughts about the likely or eventual impact of the passthrough policy on the well being of families. Presented below are their opinions, based only on several months of experience since the passthrough implementation.

Financial Impact

At the time focus groups met, county staff members and advocates had approximately six months of experience working with families since the initial passthrough implementation. Based on that experience, they indicated that monthly income variations due to irregular child support payments and retrospective budgeting were the biggest financial challenge faced by families. Prior to the passthrough, MFIP recipients had grow accustomed to receiving one check on the first of each month. After passthrough implementation, even families where child support is paid in full and on

time each month suddenly began receiving several smaller checks throughout the month (whenever the support is collected by income withholding). Some families now have difficulty paying rent or other bills that typically are due on the first of the month. Vendor payments (expenditures paid directly by DHS as part of MFIP benefits) also fluctuate based on child support paid. Families with vendor payment of rent may wrongly assume their landlord is being paid in full each month, putting them at risk for eviction. For families with irregular child support payments, including those where the noncustodial parent works temporary, sporadic jobs (which is true for many noncustodial parents in families on MFIP), budgeting is even more challenging.

There was discussion about the need to provide more budgeting assistance to families. Some workers said families would benefit from this help, but others said it would be ineffective. They cited families' lack of time to participate in such classes, and the fact that budgeting is nearly impossible when a family does not have enough income to meet basic needs.

Workers observed that the passthrough might have a positive financial impact on families in which the noncustodial parent pays regularly. When the custodial parent can count on regular child support, there is more incentive to get off MFIP sooner. The custodial parent has a clearer picture of the earnings required to get off MFIP and live on earnings and child support. This helps families plan for the future—"women earning low wages have no hope of getting off of assistance through their earnings alone. Child support passthrough can provide that hope."

An advocate described the child support passthrough as a "double-edged sword." If child support is consistent, child support itself is positive. However, inconsistent child support can be, in actuality, more problematic than positive. The custodial parents this advocate worked with were described as quite wise with budgeting decisions and very creative at making ends meet. The advocate expressed that making child support an unknown part of the equation is an added burden to clients. Some advocates suggested that the State should consider modifying the "significant change" and emergency assistance policies to enable families to access this type of financial assistance more frequently.

Behavioral Impact

County child support and financial workers had mixed opinions about the impact of the passthrough on the behavior of various family members. One of the philosophical arguments for the passthrough is that it increases the connection between noncustodial parents' resources and may lead to more involvement with their children. Some focus group participants disagreed with this argument, stating, "The custodial parent controls interaction between the children and the noncustodial parent for other reasons. It won't be changed by the passthrough."

Other focus group participants expressed the opposite opinion. They said the passthrough—which keeps payments from getting hidden “behind the scenes”—increases the connection between the noncustodial parent and the family. One county worker reported speaking with a noncustodial parent who was “happy and amazed” that his child support money was going directly to his children. Other participants said that some families have been reunited due to passthrough. Indeed, staff reported the passthrough does create the intangible benefit of having the custodial parent feel less dependent on public assistance. Some focus group participants thought this might increase the custodial parent’s willingness to support a stronger connection between the children and the noncustodial parent.

The advocates did not believe the passthrough had changed parents’ behavior. They did not see any increased cooperation with child support, any change in custodial parents’ work efforts, or changes in the incidence of domestic violence. They suspected that most noncustodial parents were unaware of the changes and, therefore, the passthrough had little or no impact on their behavior.

Suggestions for Change

Staff focus group participants offered a number of suggestions for improving the passthrough, including operational changes to the child support and MFIP programs and a discussion about changing policy to include a disregard of passed through child support when determining MFIP eligibility and benefits.

Changes to Program Operations

The majority of the suggestions proposed by the focus group to improve passthrough operations focused on information sharing and information technology issues. Key suggestions included:

- ✓ *Analyze what information is being exchanged and what could be exchanged between MAXIS and PRISM.* Increased automation of information exchange between the two systems would aid workers in handling cases.
- ✓ *Create a common client ID across State systems or a shared database to help workers and clients.* Workers expressed a longstanding desire for a common identifier for participants in various public assistance programs. It is often heard that “Clients should not have to call five workers to inform them of a change of address.” A common identifier might help streamline program operations in a number of instances. It might also avoid some administrative errors.

- ✓ *Provide financial workers with PRISM training.* Child support workers now use MAXIS, which has helped improve information and service to clients. Focus group participants offered several suggestions that indicated that providing PRISM access to MFIP workers would enhance their capacity to complete case review and update tasks more efficiently.
- ✓ *Educate parents about the child support system.* Continuously incorporate child support education into notices, billings, and other mailings to increase parental awareness of current policies.
- ✓ *Improve quality control of data.* Improve training to ensure that financial and child support workers understand how to properly code and enter data into their respective information systems.

It was also suggested that the State use Electronic Benefit Transfer (EBT) or Electronic Funds Transfer (EFT) for child support payments to improve passthrough operation. All county staff members agreed with this suggestion and indicated that EBT or EFT would be better for parents and would streamline the process for county workers.

Incorporating a Disregard

The focus groups answered a number of questions to gather opinions on whether some level of disregard would improve the passthrough policy. The current policy includes no disregard of child support when determining MFIP eligibility or benefit amounts. The original legislation proposed by DHS included a 50 percent disregard, but that was removed by the Legislature. Another possible scenario mentioned was a 38 percent disregard, treating child support similar to earned income. The other possibility mentioned was a complete (100 percent) disregard of child support for MFIP purposes.

Interestingly, county workers and advocates reported hearing “absolutely nothing” from parents about the disregard issue. Workers thought that parents either just accept government policy or, more likely, simply do not understand the disregard issue. An advocate said that her clients had neither the knowledge nor the time to reflect on changes in policy.

Focus group participants tended to feel strongly about the disregard, but were not united in their opinions about how the policy should change, if at all. Those who supported enacting some level of disregard gave the following reasons for their support:

- ✓ A disregard would stop the financial “roller-coaster” for children.
- ✓ It is unfair to treat child support like unearned income. It is money that has been earned by the noncustodial parent, who could be considered part of the family unit.

- ✓ Treating child support like earned income (38-percent disregard) would be more consistent with MFIP's goals. It would get more money to families and would create less monthly fluctuation in a family's income, helping them to become self-sufficient sooner.
- ✓ Some level of disregard would give custodial parents more incentive to cooperate with child support, because they would actually see some financial benefit from increased collections and might increase work effort.
- ✓ The current poverty level guidelines are too low to adequately take care of children's needs; having a disregard would improve children's standard of living slightly.
- ✓ A 100-percent disregard would be the most simple to administer.

Those supporting some level of disregard also suggested other elements for a disregard policy, including limiting disregard to include only families in which the custodial parent was in compliance with MFIP work requirements and the family was currently under no sanctions. Another suggestion was to phase out the disregard over time or when/if the noncustodial parent was paying the full amount of support regularly.

Focus group participants who did not support changing the passthrough policy to include some level of disregard offered the following rationales for their position:

- ✓ Disregard would make families more dependent on MFIP, because they would face more of a "cliff" (reduction in family income) when exiting MFIP, and thus would have less incentive to do so.
- ✓ Disregard would be inequitable. Families receiving MFIP and who collect regular child support would have more monthly income than those without child support payments.
- ✓ Disregard would make noncustodial parents feel impoverished while the custodial parent was "living high."

While the advocates all believed quite strongly that the disregard policy needed to be changed, they also said the State's decision to adopt the passthrough policy constituted positive progress because it increases awareness of child support and helps families get child support orders in place.

Chapter III

Research with Parents

1. BACKGROUND ON THE FOCUS GROUPS, INTERVIEWS, AND SURVEYS

Families began to experience the effects of the passthrough after its January 1, 2001, implementation. To collect information on these effects, we conducted telephone surveys with custodial and noncustodial parents. We also facilitated focus groups and conducted interviews with various groups of parents who represented the diverse population served by the child support program. This chapter presents findings from the parent surveys, focus groups, and interviews. We gathered all information contained in this Chapter through surveys, focus groups, and interviews with parents. No conclusions or recommendations from the Project Team are included in Chapter III.

We designed these activities to collect qualitative information on Research Objective 1: assessing the impact of the passthrough on families. Specifically, we addressed two categories of research questions. These were:

- ✓ *Financial:* Impact on child support, family income and budgets; Minnesota Family Investment Program (MFIP) and other public assistance programs; progress toward self-sufficiency; and work effort; and
- ✓ *Behavioral:* Impact on family relationships; parental motivation and cooperation with child support enforcement; perceived equity among various family types; and impact on specific subgroups, including immigrants.

The findings considered the influence of mitigating factors on the financial and behavioral impact of the passthrough on families. These factors included parental awareness of the passthrough policy and interplay between the passthrough policy and other public assistance policies. Researchers also asked parents to recommend changes to the passthrough policy.

After discussions with Department of Human Services (DHS) staff and the Child Support Passthrough Advisory Committee, we decided to limit custodial parent research to mothers and noncustodial parent research to fathers. Although custodial fathers and noncustodial mothers make up a significant and growing population, we did not include them in focus groups, interviews, and surveys for two reasons. First, because community-based organizations that specifically serve either mothers or fathers handled most of the recruiting for the focus groups, we were concerned that the dynamic created in mixed gender parent focus groups could stifle some of the discussion and limit the information collected. Second, custodial fathers and noncustodial mothers face some unique issues that present difficulties when generalizing findings.

Parent Survey Methodology

We used custodial parent and noncustodial parent telephone surveys designed to collect quantitative data on the impact of the passthrough on families⁸. To address data privacy requirements and increase the survey response rate, we employed a three-stage survey process. First, we selected a random sample of parents from the evaluation's administrative database. This sample met certain conditions for eligibility (e.g., received MFIP in 2000 and 2001 before and after passthrough implementation, had a child support order, both parents lived in Minnesota, addresses for both parents were available). Second, DHS mailed a letter to both parents in the selected cases. The letter explained the purpose of the survey, stated the parents' data privacy rights, and asked them to return a postcard if they were willing to participate in the survey. The letter also offered an incentive of a \$10 Target gift certificate to all parents who completed the survey. Third, we administered the survey to parents who returned the postcard.

- ✓ DHS mailed letters to a first sample of parents in 446 cases (446 custodial and 446 noncustodial parents). DHS added a supplemental sample of 303 cases when the first mailing generated a lower-than-anticipated response rate. The letters asked parents to return postcards that listed their address, one or more telephone numbers where they could be reached, and the best time of day to reach them.
- ✓ DHS received postcards from 137 custodial and 54 noncustodial parents who indicated their willingness to complete a telephone survey.
- ✓ An independent market research firm that specializes in telephone survey administration completed surveys with 113 custodial and 33 noncustodial parents. We expected that they would complete interviews with all parents who returned a postcard, but within a few weeks of returning their postcards some parents had moved, changed their telephone numbers (leaving no forwarding number), or for other reasons could not be contacted, even after 12 attempts at different times of the day and night.

The poor response rate to the initial mailing from DHS was lower than anticipated, but not entirely unexpected. Researchers conducting similar surveys of parents who receive public assistance benefits have found it difficult to recruit participants, even when the topic is of considerable interest. The findings from the focus groups suggest that passthrough is not a controversial issue that affects parents in major ways. Thus, parents may not have had much incentive to participate in the survey. The response data also

⁸ The survey sample was limited to parents proficient in English, due to evaluation budget limitations. Information for this evaluation was collected from non-English speaking parents from the Somali and Southeast Asian communities, as discussed in the focus group section of this Chapter.

seem to underscore the transient nature of the parents in the MFIP population served by the child support program.

Focus Group and Interview Methodology

The original evaluation plan included two focus groups—one with custodial parents and another with noncustodial parents. We sought participants who had received MFIP for enough time to have a perspective about how the passthrough actually affected their lives (e.g., they were to have had an open MFIP case prior to January 1, 2001, and for at least one month after that time). We also made an effort to include participants that reflected racial, gender, ethnic, and geographic diversity.

The Child Support Passthrough Advisory Committee members repeatedly stressed the importance of collecting information from immigrant groups. To that end, we analyzed the MFIP⁹ caseload to determine the two immigrant groups with the largest number of MFIP cases. Exhibit III-1 below displays these results.

Exhibit III-1
December 2000 MFIP Caseload Counts
for MFIP Recipients in Eight Immigrant Groups

Immigrant Group	Count of Cases
Cambodian	110
Laotian	167
Hmong	1,380
Vietnamese	238
Ethiopian	200
Somali	1,592
Mexican	209
Former Soviet	199

Source: Minnesota Department of Human Services, May 2001

Based on this information, we decided to conduct two additional focus groups: one with Southeast Asian (Hmong, Laotian, Cambodian) custodial mothers and one with Somali custodial mothers. We did not conduct corresponding focus group with Southeast Asian and Somali noncustodial fathers. Many of these fathers live in their native countries or other states, and those who are in Minnesota are not as likely as mothers to participate in the social service programs that provided the means of accessing them for research purposes.

⁹ The MFIP caseload was chosen for this analysis because data on race or ethnic identity is more complete than for the child support caseload.

During our efforts to organize the Somali mother focus group, Somali community leaders indicated that their cultural norms made women reluctant to discuss family matters, such as child support and public assistance, with strangers. We therefore revised the evaluation strategy to identify community members with established relationships with Somali mothers who would conduct one-on-one interviews in the Twin Cities Metro area and southern Minnesota. Prior to the interviews, we briefed these community members on the purpose of the evaluation and provided them with questions to be asked during the interviews.

Focus Group and Survey Protocol

We used the following protocol to conduct the parent focus groups and interviews:

- ✓ Focus groups met at community based organizations, with meetings lasting approximately two hours. Childcare and dinner were provided for all participants.
- ✓ The MFIP financial worker responsible for the parent's case conducted interviews either via telephone or in person.
- ✓ The information provided to parents included: (1) an overview of the child support passthrough policy; (2) objectives for the focus group or interview; and (3) discussion ground rules for focus group participants (e.g., everyone should participate, keep responses brief and focused, be honest).
- ✓ Each focus group or interview addressed a similar list of questions. Questions focused on the parents' awareness of the passthrough policy, its impact on their family finances and behavior, and the changes they would like to see made in the policy.
- ✓ Each parent received a \$25 Target gift certificate to encourage attendance and to reimburse them for expenses incurred by their participation (e.g., transportation).

Focus Group Limitations

When reading and interpreting parent focus group and interview data, it is important to consider the inherent limitations of these data collection methods. The focus groups conducted as part of this evaluation brought together people with some shared characteristics (custodial or noncustodial parent status, ethnic group) and allowed them to discuss an issue of some relevance to their lives. We designed the interviews to collect similar information, but from parents who were unable or unwilling to participate in a focus group. The data collected through these methods represent the perspective of a very small number of impacted parents. We do not intend for the information to be generalized to the larger population, but rather to add detail and texture to the information collected through the telephone survey and administrative data.

Custodial Parent Participation

A number of sources provided ideas concerning the methods for selecting and recruiting participants. These sources were: the Child Support Enforcement Division's (CSED) County Advisory Board and Commissioner's Advisory Committee; the Child Support Passthrough Evaluation Advisory Committee; the monthly MFIP financial supervisor's meeting; and community-based organizations working with custodial and noncustodial parents.

In July and August 2001, we conducted focus groups and interviews with custodial parents to gauge the awareness and attitudes of the group most affected by the passthrough policy. The custodial parent focus groups and interviews consisted of the following groups: Hmong custodial parents, "general" custodial parents, and Somali custodial parents, as discussed below.

Hmong Custodial Parents, August 9, 2001

Eight Hmong custodial mothers living in the Twin Cities metropolitan area made up the first custodial parent focus group. The mothers ranged in age from 29 to 55 and had between four and eight children each. All received MFIP during 2001. A self-sufficiency program manager for the Women's Association of Hmong and Lao recruited the group and provided translation services.

"General" Custodial Parents (without ethnic distinction)- August 29, 2001

Two custodial mothers, one with two children and one with three children, attended the "general" custodial parent focus group (parents recruited without regard to ethnic distinction). Both mothers received regular child support payments. One received MFIP every month throughout calendar year 2001, while the other was "on and off" MFIP through the year. The focus group met in the Minneapolis metropolitan area in a location easily accessible by bus. The Hennepin County child support office and local community-based organizations conducted significant outreach to recruit custodial parents to participate in this group. We provided childcare and dinner for focus group participants and recruiters provided this information when recruiting participants. More than ten mothers had agreed to participate, but only two actually attended.

Somali Custodial Parents, July 2001

A financial worker from the Blue Earth County MFIP office in southern Minnesota conducted two individual Somali mother interviews. The MFIP Facilitator from Pillsbury Neighborhood Services in Minneapolis conducted and translated another five interviews.



Noncustodial Parent Participation

A noncustodial parent focus group met in July 2001. The staff of the St. Paul Urban League Fathers and Families Initiative Project recruited this group of 12 fathers and hosted the meeting at their St. Paul office. All participants received dinner. At the time of the focus group, none of the fathers had custody of any of their children. Although the recruiting criteria specified that the mothers of their children must have received MFIP at some point during the previous year, several focus group participants stated that the custodial mothers had not received MFIP during that time. The participants ranged in age from 22 to 53 and had between one and five children each.

The program staff from the St. Paul Urban League Fathers and Families Initiative Project forewarned the focus group moderator that the fathers had numerous child support questions and issues they wanted to address that were beyond the scope of the passthrough policy. To help keep the focus group discussion on the topic of the passthrough policy, a CSED policy staff person, who was himself a noncustodial father, sat in on the focus group to handle non-passthrough related questions and comments at the end of the session. Participants appreciated the opportunity to get reliable, helpful child support information.

2. MAJOR THEMES

This section presents the major themes that emerged from the parent survey and the focus group sessions with custodial mothers and noncustodial fathers.

PARENT SURVEY

The results from the telephone survey of custodial and noncustodial parents yielded the following major themes:

Parent Awareness

- ✓ Most custodial parents reported they knew little (23% of respondents) or nothing (47% of respondents) about the passthrough policy.
- ✓ Noncustodial parents were even less informed. Nearly one quarter (21%) of respondents reported knowing little about the passthrough policy, while two-thirds (67%) reported knowing nothing at all.
- ✓ Most of the parents' knowledge about the policy came from notices received in the mail. Mailed notices served as the information source for 40% of custodial parents and 55% of noncustodial parents with some knowledge of the policy.

Financial Impact

- ✓ Custodial parents generally liked receiving child support payments separately, although they did not express the belief that passthrough would help them leave MFIP. They reported that their MFIP grant fluctuated more frequently under the passthrough policy.
- ✓ Noncustodial parents generally agreed that they were more willing to pay support because the other parent received the payments. They liked that the other parent got the child support separately and thus knows how much support the noncustodial parent had paid.
- ✓ When asked if the passthrough caused economic changes in their lives, in general custodial parents reported few significant changes. They reported slight decreases in overall household income, the amount the noncustodial parent contributed toward expenses, the regularity and timeliness of child support payments, and their ability to manage household expenses. They also reported a slight decrease in the need for MFIP benefits.
- ✓ Nearly half of custodial parents reported having problems paying for necessities (e.g., housing, food) as a result of the passthrough.

Behavioral Impact

- ✓ When asked about behavioral changes in their lives that resulted from the passthrough, custodial parents reported slight decreases in the amount of time the noncustodial parent spent with the child(ren). They also reported slight decreases in the amount of conflict with the noncustodial parent concerning parenting issues, but slight increases in conflict with the noncustodial parent over money. They did report an increased willingness to cooperate with the child support program and they were more aware of the amount of child support paid in their case.
- ✓ When asked about economic changes in their lives that resulted from the passthrough, overall, noncustodial parents reported few significant changes. However, two more-pronounced changes did emerge—the number of noncustodial parents who reported they contributed more money to custodial parent household expenses (49%) and the number who reported decreased earnings (36%).
- ✓ Noncustodial parents reported increased conflicts with custodial parents over parenting issues and money issues, a slight increase in the amount of time spent with the child(ren) and in their willingness to cooperate with the child support program, and a significant increase in the custodial parent's awareness of the child support paid.

It is not uncommon to end up with inconsistent self-reported data from custodial and noncustodial parents, as in the survey results in which custodial parents reported a slight

decrease in the amount of time the noncustodial parent spent with the child, while noncustodial parents reported a slight increase.

FOCUS GROUP

The focus groups and interviews conducted with custodial and noncustodial parents yielded the following major themes:

Custodial Parents

The “general” custodial mothers (without ethnic distinction) appeared to have the most pragmatic grasp of the policy change. Overall, they liked to receive child support as opposed to MFIP benefits, but they did not see the passthrough policy as problem free. It was difficult to discern whether informed respondents based their general support on anything more than the idea that the noncustodial parent was now directly contributing and they no longer perceived the monthly support as “welfare.” We did not discern any perceived improvements in standards of living, real or beneficial financial impacts (after the two month retrospective payment adjustment), or tangible benefit increases from any of the custodial parent groups.

The Somali women appeared engaged and aware of the passthrough policy, and for the most part seemed to embrace it as an improvement. They said they received adequate information to answer their questions. No respondents from this group voiced the opinion that they opposed or favored the policy change.

The Southeast Asian women generally were not affected by the implementation of the passthrough policy because only one of eight focus group participants received child support. Their comments and perceptions of the policy illustrate their lack of knowledge about the passthrough and the child support program overall. We found it difficult to discern if the agencies’ public awareness efforts had overlooked this group or if language and/or cultural barriers kept this group from seeking the support and information they needed.

Noncustodial Parents

Most of the noncustodial fathers had little or no knowledge of the passthrough policy. Those who were informed were mostly aware that their child support payment was now distributed directly to custodial parents and their children. The fathers did not describe any real behavioral changes attributable to the policy. Noncustodial fathers reported some positive perceptions related to the passthrough. These included the perception that the passthrough had raised custodial mothers’ awareness of the fathers’ financial contributions and the difficulties fathers faced to meet their support obligation.

The noncustodial fathers used the focus group as a forum to express their concerns regarding fathers' custody rights, their beliefs that custodial mothers are somehow being "let off the hook," and that the passthrough would not guarantee that their children benefited from the child support received by the custodial parent. The group made little mention about the passthrough giving them some sense of satisfaction because they were contributing directly to their children's support. Most participants appeared more concerned that the passthrough offered less oversight regarding how custodial mothers used the support payment. They expressed frustration that the State formulated the policy without their input as stakeholders and without any concern for what effect it would have on them. Finally, the fathers did not report any improvement in their negative perceptions and contentious relationships with local child support agencies.

3. FINDINGS FROM PARENT SURVEYS

Background Characteristics of Respondents

The original sample for the survey came from the administrative database compiled to conduct the administrative data analysis presented in Chapter IV of this report. This database contained data from the MFIP (MAXIS) and child support (PRISM). The survey restricted the sample of custodial parents to mothers and the sample of noncustodial parents to fathers. To be included in the sample, custodial parents had to have received MFIP in 2000 and 2001 and needed to have a child support order established, although they were not required to have ever received a child support payment. The survey limited the sample to cases where the database contained contact information for both parents. In this way we had hoped to complete interviews with both parents, match the survey responses, and then link with the administrative data. It proved to be impossible to match the parents, given their poor response rate to the mailed invitation to participate in the survey and then to the actual administration of the survey. Also, the small number of respondents made matching the survey findings with information in the administrative database of limited practical value. Exhibit III-2, below, provides the response rates to the sample selection.

Exhibit III-2
Survey Response Rates

Parent Survey Response Rate	Custodial Parents	Noncustodial Parents	Total
Letters mailed	749	749	1,498
Postcards returned (response rate to mailing)	137 (18.3%)	54 (7.2%)	191 (12.8%)
Completed interviews (response rate to interviews)	113 (82.5%)	33 (61.1%)	146 (76.4%)

Exhibit III-3 provides separate background information for the custodial and noncustodial parents who responded. Because it was already available, we extracted most of the information in this Exhibit from the administrative database, not through the survey. We captured one demographic variable—racial/ethnic affiliation—through the survey even though it was available from the database. This information shows that the custodial mothers were very similar to noncustodial fathers in background and case characteristics. For example, the respondents in both groups were very comparable in terms of: (1) age (35 years on average), (2) the racial/ethnic composition (majority were white, non-Hispanic, with the second largest group being Black, non-Hispanic), (3) the age of the child support case (somewhat more than 4 years), and (4) the number of children being supported (1.6 children on average).

Exhibit III-3
Background Characteristics of Respondents¹
(% of Respondents)

Characteristic	Custodial parents (n=113)	Noncustodial Parents (n=33)	Total (n=146)
Age			
Under 25 years	11.6%	30.0%	9.7%
25-34 years	39.3%	48.5%	41.4%
35-44 years	37.5%	42.4%	38.6%
45 years or more	11.6%	6.1%	10.3%
Average age	35.1 years	34.8 years	35.0 years
Race/Ethnicity			
White (non-Hispanic)	69.9%	63.6%	68.5%
Black (non-Hispanic)	15.9%	21.2%	17.1%
Hispanic	6.2%	3.0%	5.5%
Native American	6.2%	6.1%	6.2%
Other	1.8%	6.0%	2.7%
Ever Married to/Lived with Child's Other Parent?			
Yes	64.6%	78.8%	67.8%
No	29.2%	21.2%	27.4%
Not applicable	6.2%	—	4.8%
How Often Supposed to Pay/Receive Child Support Payments?			
Monthly	37.2%	42.4%	38.4%
Weekly	15.0%	30.3%	18.5%
Every other week	14.2%	9.1%	13.0%
Twice a month	23.0%	15.2%	21.2%
Other	2.7%	—	2.1%
Do not know/not sure	8.0%	3.0%	6.8%
Age of Oldest CSE Case			
Less than 1 year	4.5%	—	3.4%
1-2 years	16.1%	36.4%	20.7%
3-4 years	50.0%	33.3%	46.2%
More than 4 years	29.5%	30.3%	29.7%
	4.5 years	4.1 years	4.4 years

Characteristic	Custodial parents (n=113)	Noncustodial Parents (n=33)	Total (n=146)
Average age of CSE case			
Number of Children (all cases)			
One	60.7%	60.6%	60.7%
Two	25.0%	27.3%	25.5%
Three or more	14.3%	12.1%	13.8%
Average number of children	1.6 children	1.6 children	1.6 children
Public Assistance Received by Custodial Parent in 2001			
MFIP	78.6%	—	77.9%
Food Stamps	13.4%	—	14.5%
Transitional medical assistance	21.4%	—	25.5%
Emergency Assistance	26.8%	—	26.2%

¹The administrative database provided most of the information. The exceptions are (1) race/ethnic background of the respondent, (2) the living relationship the parents enjoyed, if any, and (3) how often the respondent was supposed to pay/receive child support.

Compared to the larger administrative database of cases from which we drew the sample of parents for the survey, the respondent population had some similarities and differences. Although the average number of supported children was the same in the database and the sample, the age of the child support case was older in the sample (somewhat over 4 years) compared to the database (3.2 years). The sample selection criteria might explain some of the differences, which excluded cases that did not have a child support order and had not received MFIP prior to, and after implementation of, the passthrough. When comparing the characteristics of respondents to those of parents who were in the original sample, the respondents were very like all the parents who were in the original sample.

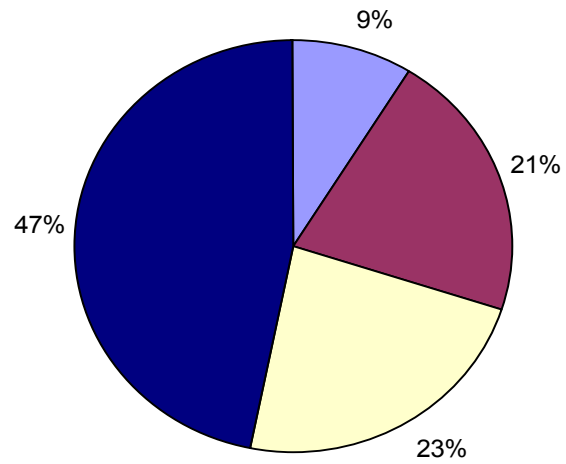
What Parents Knew About Passthrough

The State made a concerted effort to inform parents about the new passthrough policy in letters and handouts distributed through multiple means. The survey partly measured the effectiveness of this communication by asking parents how much they knew about the passthrough policy. Their responses, displayed in Exhibit III-4 for custodial and noncustodial parents respectively, suggested that parents believed they were poorly informed. Almost half (47%) of custodial parent respondents and two-thirds (67%) of noncustodial parent respondents said they did not know anything about the passthrough policy. Another fifth of each group—23% of custodial parents and 21% of noncustodial parents—said they knew little about the passthrough policy. Relatively few of the parent respondents reported having some knowledge about the passthrough.

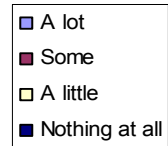
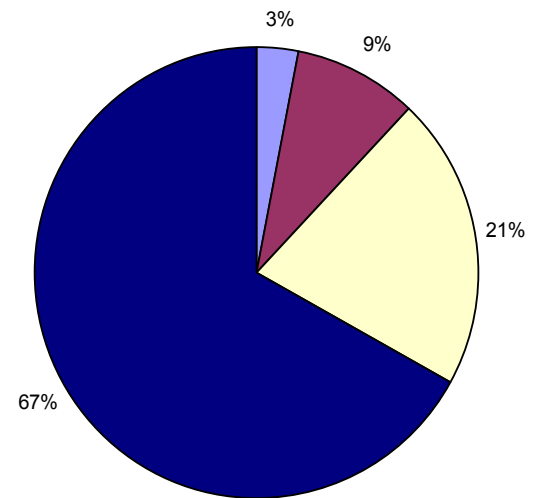
Parents who reported even a small degree of knowledge about the passthrough policy were asked two subsequent questions designed to pinpoint what they knew about the policy and where they had learned about it.

Exhibit III-4
How Much Respondents Said They Know About Minnesota's Passthrough Policy
(Percent of Respondents)

Custodial Parents (n=113)



Noncustodial Parents (n=33)



Exhibits III-5 and III-6 show responses to these questions about parents' knowledge of the passthrough policy for both custodial and noncustodial parents. Despite being prompted to list as much as they knew about the passthrough policy, almost all respondents mentioned only one point and a few could not identify anything they knew.

As the data in Exhibit III-5 indicate, however, even those who listed something were not always correct. While 42% of custodial parents and 27% of noncustodial parents correctly recalled that under the passthrough policy all child support goes to the custodial parent, and another 12% of custodial parents knew that passthrough reduces the MFIP benefit amount by the amount of the child support that is passed through, the parents incorrectly interpreted the other passthrough features they most frequently mentioned. Thus, 13% of custodial and 9% of noncustodial parents incorrectly stated that the custodial parent only gets \$50 of child support under the passthrough policy. In addition, 15% of custodial and 9% of noncustodial parents believed that the county retains some current child support to recoup public assistance benefits paid to the custodial parent and the children in that parent's custody. Both of these are features of the policy prior to implementation of passthrough. This suggests that parents were not clear about the changes that resulted from the implementation of passthrough.

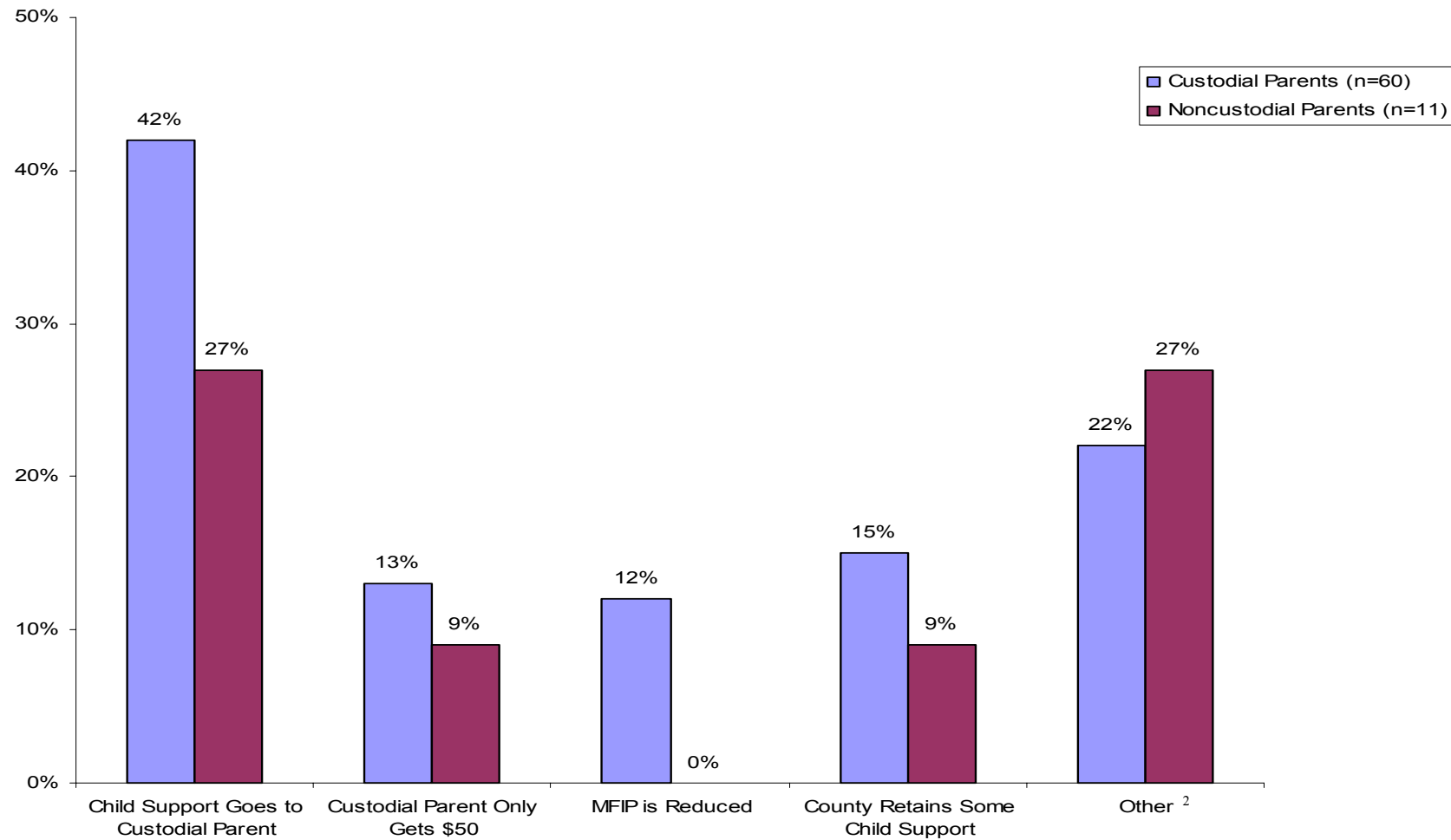
Exhibit III-6 lists the sources parents recalled that provided them with information about passthrough. The highest proportions of custodial and noncustodial parents recalled learning about the passthrough policy from a notice they received in the mail, with 40% of custodial parents and 55% of noncustodial parents who reported knowing something about the passthrough policy stating they learned about the policy in this way. The next most frequent information source named by custodial parents was their MFIP worker or child support caseworker (33%). Much smaller proportions of respondents listed county newsletters, friends/relatives, and other sources. Among noncustodial parents, the second most important information source was friends and relatives, with about 18% of this group reporting getting their information about passthrough in this way. A few others mentioned learning about passthrough from a county newsletter or from other sources.

Potential Impacts of Passthrough

Custodial and noncustodial parents faced economic consequences as a result of several key features of the passthrough policy as implemented in Minnesota:

- ✓ The policy passes through all collections of current child support to the custodial parent. The policy concerning payment of arrears did not change in the passthrough policy.

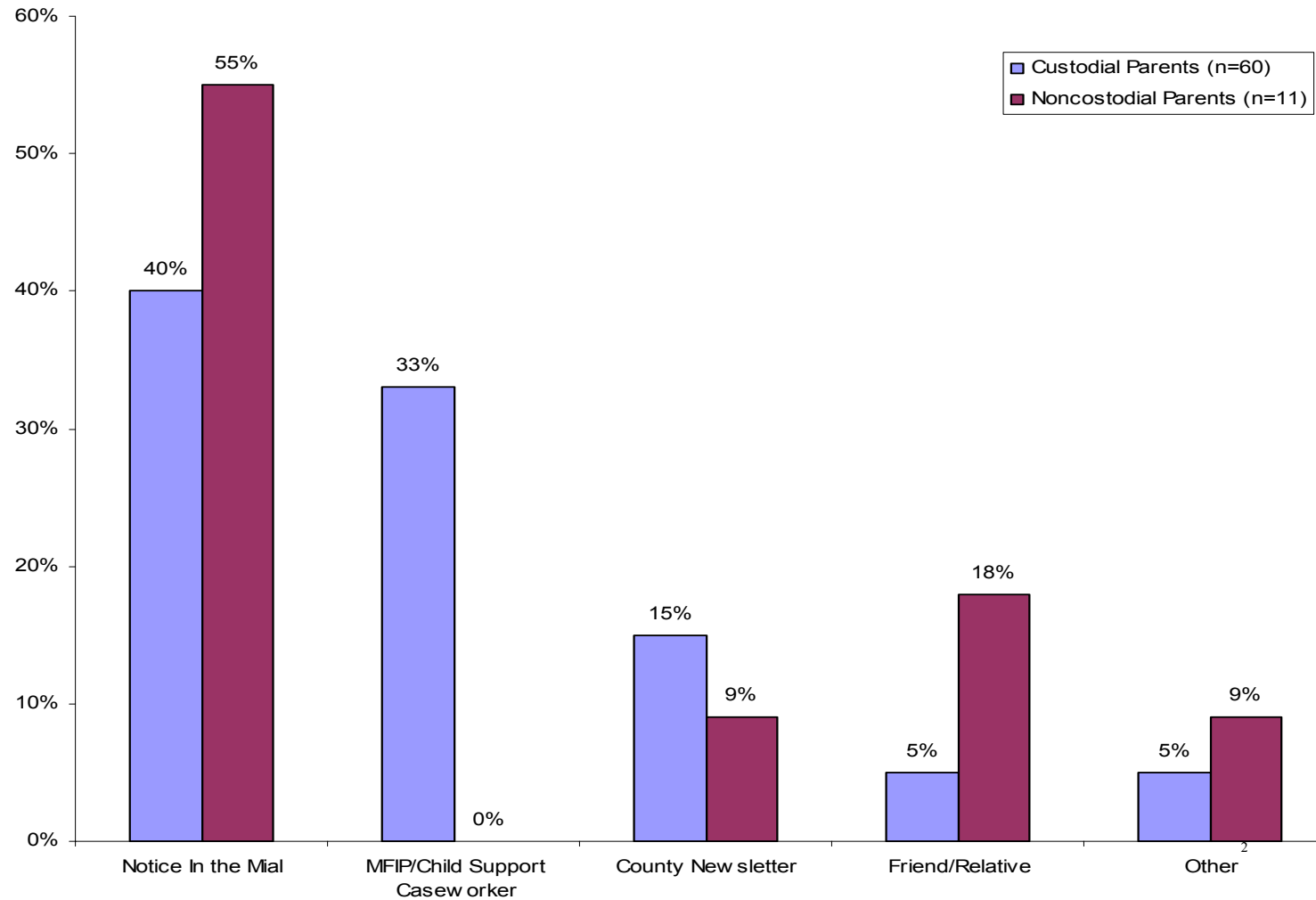
Exhibit III-5
What Parents Said They Knew About the Passthrough Policy¹
(Percent of Respondents)



¹Multiple response question, thus proportions may exceed 100%. Only parents who said they knew at least a little about passthrough were asked the question.

²Other includes: a) MFIP supplements the Child Support payment, b) timing of payments unpredictable, c) passthrough is a work program.

Exhibit III-6
Where Parents Reported Learning About the Passthrough¹
(Percent of Respondents)



¹Multiple response question, thus proportions may exceed 100%. Only parents who said they knew something about the passthrough were asked the question.

²Other includes handouts and flyers from other groups (e.g., legal aid)

- ✓ The custodial parent's receipt of child support payments can be erratic, depending on when child support payments are due and when they are received by the agency.
- ✓ The amount of money received by custodial parents can vary significantly from month to month because the State calculates MFIP assistance payments two months retrospectively and does not disregard any portion of the child support payments in the calculation.
- ✓ Because the State counts child support payments but does not count MFIP benefits as income in determining eligibility for other public assistance programs (e.g., Food Stamps, Medical Assistance, and Section 8 housing subsidies), it is possible for custodial parents and their families to experience a reduction of benefits in other programs.

Policy makers understood these potential negative economic effects of passthrough. They believed, however, that the negative effects would be outweighed by the positive behavioral consequences that might result. These include:

- ✓ Better custodial parent cooperation with the child support program to establish and enforce orders, because they now receive all current child support paid on behalf of the child.
- ✓ Better noncustodial parent cooperation with the child support program, because they are aware that all of the child support payment is transferred to the custodial parent for the benefit of the children.
- ✓ Possible delay in the custodial parent's forced exit from MFIP. By replacing MFIP benefits with child support payments, it is possible custodial parents could delay reaching MFIP time limits if, in some months, the amount of child support exceeds the amount of MFIP cash assistance.
- ✓ The noncustodial parent would provide more extensive assistance, such as visiting the child more frequently and helping out with other family expenses.
- ✓ Better noncustodial parent compliance with child support orders because they understand that all child support goes to the custodial parent and not to the State.
- ✓ The noncustodial parent will show greater work effort because they know that the child support they pay will enhance their child's well-being.

Parents rated their levels of agreement on all of these issues in a survey that asked their opinions on a series of statements related to these issues. Exhibit III-7 displays the statements presented to custodial parents. Exhibit III-8 shows the statements presented to noncustodial parents. Both Exhibits examine the responses of two groups: those who said they knew something about the passthrough and those who said they did not know anything about the passthrough. We wanted to determine if some knowledge of the passthrough was an important factor in response patterns.

Exhibit III-7
Custodial Parents' Agreement with Selected Statements
About Child Support Passthrough
(Average Rating)¹

Statement	Know something about Passthrough² (n=60)	Know nothing about Passthrough² (n=53)	Total (n=113)
Overall, I like receiving child support checks separately from MFIP checks because I know exactly how much child support is being paid.	3.35	3.10	3.22 (73.5%) ³
The amount of child support I receive affects the amount of the MFIP grant I receive.	3.19	2.78	3.01 (62.8%) ³
The amount of my MFIP grant has changed more from month to month than it did in the past.	3.39	2.91	3.17 (65.5%) ³
I have had to contact my financial worker to report or reconcile child support payments more often than in the past.	2.51	2.44	2.48 (47.8%) ³
I have had to use Emergency Assistance or request a Significant Change supplement.	2.43	2.14	2.30 (40.7%) ³
I have had to use non-government assistance, such as staying at a shelter or going to a food shelf.	2.35	2.14	2.25 (41.6%) ³
The passthrough will help keep down the number of months counted toward my MFIP time limit.	2.07	NA	2.07* (28.3%) ³
The passthrough did or will help me leave MFIP.	2.10	NA	2.10* (31.7%) ³

* Question only asked of custodial parents who, in response to Q.1, said they knew something about the passthrough policy. Thus, the average rating shown for all custodial parents is only the average for parents who said they knew something about the passthrough policy.

¹ Average ratings are computed using a scale from 1 to 4, where 1=strongly disagree and 4=strongly agree. Thus, the higher the average rating, the higher the level of agreement with that statement. The midpoint of the scale is 2.5; thus, scores above the midpoint indicate general agreement, and scores below the midpoint indicate general disagreement with the statement. Ratings exclude custodial parents who did not know how to rate the statement.

² With two exceptions, custodial parents who reported not knowing anything about the passthrough policy were asked the same set of questions as parents who said they did know something about the policy after the interviewer read them a brief explanation about it.

³ The % in parentheses are the proportions of parents who said they agreed or strongly agreed with the statement.

Exhibit III-8
Noncustodial Parents' Agreement with Selected Statements
About Child Support Passthrough
(Average rating)¹

Statement	Know something about Passthrough ² (n=11)	Know nothing about Passthrough ² (n=22)	Total (n=33)
I am more willing to pay child support now than in the past because I know the other parent will receive the money.	2.60	2.79	2.72 (48.5%) ³
I like the fact that the other parent receives the child support I pay <u>separately</u> from her MFIP checks because she now knows exactly how much child support I pay.	2.64	2.90	2.81 (63.6%) ³
I have had to contact my child support worker more often than in the past to resolve issues related to my child support.	2.36	2.05	2.16 (33.3%) ³
If I were not already identified as the legal father of my child, I would be more likely to establish paternity because I know the other parent will receive my child support payments.	3.36	3.44	3.41 (78.8%) ³
The amount of child support I pay affects the amount of MFIP the mother receives.	2.10	3.00	2.64 (48.5%) ³

¹ Average ratings were computed using a scale from 1 to 4, where 1=strongly disagree and 4=strongly agree. Thus, the higher the average rating, the higher the level of agreement to that statement. The midpoint of the scale is 2.5; thus, scores above the midpoint indicate general agreement and scores below the midpoint indicate general disagreement with the statement. Ratings exclude noncustodial parents who did not know how to rate the statement.

² Prior to asking these questions, the interviewer read noncustodial parents a brief explanation about the passthrough policy.

³ The % in parentheses are the proportions of parents who said they agreed or strongly agreed with the statement.

The survey asked parents to rate their levels of agreement with the statements using a four-point scale, where 1=strongly disagree, 2=disagree, 3=agree, and 4=strongly agree. From these agreement ratings, we computed an average rating for each statement. Exhibits III-7 and III-8 show this average rating, rather than proportional response rates to each level of agreement. This approach offers advantages because the average allowed us to summarize the general level of agreement in a single statistic. The averages exclude respondents who did not know, or were not certain how much, they agreed or disagreed with each statement. For all except a few questions, both parent groups responded “don’t know” to a very low number of statements and their exclusion from

the averages is not a concern for the discussion. The few questions that had “don’t know” response rates in excess of 10% indicated the following:

- ✓ 12% of custodial parents did not know if the passthrough would help keep down the number of months counted toward their MFIP time limit. We were not overly surprised by this response, given the variability in the receipt of child support as illustrated by parents’ general agreement to the statement that their MFIP grants have fluctuated more under passthrough than in the past (i.e., grants fluctuate because the child support payments vary). Also, in responses to later questions about the regularity and timing of child support payments, the majority of custodial parents did not think passthrough had affected these variables.
- ✓ 24% of noncustodial parents did not know if the amount of child support they pay affects the amount of MFIP the mother receives. Even though interviewers read a brief description of the passthrough policy that included this information, almost a quarter of noncustodial parents did not appear to understand the relationship between their child support payments and the custodial parent’s receipt of MFIP. Nevertheless, the noncustodial parent response to this statement seems understandable, given the overall lack of understanding about passthrough policy (see Exhibit III-4).
- ✓ 12% of noncustodial parents reported they were not sure whether they would have been more likely to establish paternity if they knew the custodial parent would receive all the child support payments. Again, this does not seem unusual, because decisions about paternity establishment are more complex than concern about the distribution of child support payments.

Custodial Parents

The midpoint of the four-point agreement scale is 2.5, meaning that average ratings below 2.5 indicate general disagreement with the statement, while ratings above 2.5 indicate general agreement. Using this benchmark, custodial parents only agreed with three of the six statements asked in the survey. The average ratings for the two questions asked only of custodial parents who reported knowing something about the passthrough policy indicate even less agreement:

- ✓ Custodial parents generally *agreed* that: (1) they liked receiving their child support payments separately from MFIP, (2) the amount of child support affected the amount of MFIP they receive, and (3) since passthrough implementation, their MFIP grant had changed more from month to month than it did in the past.

- ✓ Custodial parents generally *disagreed* that because of passthrough they had had to: (1) contact their financial worker more often, (2) use emergency assistance, (3) request a supplemental assistance payment because of a significant change, or (4) use non-governmental assistance, such as staying at a shelter.
- ✓ Custodial parents who indicated that they knew something about passthrough generally *disagreed* that the passthrough would help them leave MFIP or keep down the number of months that would count toward their MFIP time limit.

These findings are somewhat positive about passthrough; custodial parents generally liked receiving child support payments separately, and as a rule they have not experienced many of the potential drawbacks of passthrough, such as needing to contact their financial workers more often or relying on other types of assistance more frequently. On the other hand, parents reported that their MFIP grants fluctuated more frequently under passthrough. Custodial parents did not appear very optimistic that passthrough would help them leave MFIP or keep down the number of months counted toward their MFIP time limit. It is difficult to see how child support payments—for what is typically a low-income population of parents—will help parents exit MFIP unless passthrough generates greater work effort from custodial and noncustodial parents and a willingness and ability on the part of noncustodial parents to pay child support consistently and in full.

We found the differences in average ratings given by custodial parents who knew about passthrough and those who did not know about passthrough interesting, because those who did not know anything about passthrough consistently had lower average ratings for all of the statements. Still, they agreed more strongly than disagreed that they liked receiving their child support payments separately from MFIP grants. They also seemed to understand that the child support affects the amount of their MFIP grant and they only somewhat agreed that their MFIP grant had changed from month to month more than it had in the past. They disagreed with the statements about the potential negative effects of passthrough, such as having to use emergency assistance or request a significant change supplement. It does not appear from these findings that passthrough has had a major negative impact on custodial parents.

Noncustodial Parents

The statements asked of noncustodial parents, presented earlier in Exhibit III-8, also used a four-point agreement scale. Thus, we can apply the same benchmark of 2.5 as generally distinguishing between parents who agreed and disagreed with selected statements. Noncustodial parents agreed with the statement about paternity establishment. Of those who gave a rating—as noted above, almost a quarter of noncustodial parents rate their level of agreement to this question “did not know”—

large proportions agreed or strongly agreed that they would be more likely to cooperate with paternity establishment efforts because they know that the custodial parent would receive the child support payments. This group also gave positive responses to other statements about passthrough. For example, noncustodial parents generally agreed that: (1) they were more willing to pay child support now than in the past because the other parent got the payments; and (2) they liked that the other parent got the child support check separately and thus knows how much money the noncustodial parent has paid. They generally disagreed that they have had to contact their child support worker more often than in the past to resolve child support issues.

The respondent's knowledge or lack of knowledge about the passthrough policy did not have an effect on the average ratings. In fact, those who knew the least about passthrough gave more favorable ratings to all of the statements than those who knew something about passthrough from sources other than the survey.

Economic and Behavioral Changes Effectuated by Passthrough

To understand more specifically what effects could be attributed to passthrough, the survey asked both custodial and noncustodial parents about the direction of change in key areas; for example, the amount of child support paid/received, the amount of time the noncustodial parents spent with the child(ren), and conflict between the parents. Exhibit III-9 displays custodial parent responses to these questions and Exhibit III-10 shows responses for noncustodial parents.

Exhibit III-9
Changes Custodial Parents Have Noticed in Selected Issues Since 1/1/01¹
(% of respondents)
(n=113)

Statement	Direction of Change				Average change ²
	Increased	Stayed the same	Decreased	Don't know	
a. Has the overall amount of household income available to you each month increased, decreased, or stayed the same?	17.7%	46.0%	33.6%	2.7%	1.84
b. Has the amount of child support the other parent has paid increased, decreased, or stayed the same?	26.5%	47.8%	21.2%	4.4%	2.01
c. Other than child support, has the amount of money the other parent has paid to help with child-related or household expenses such as diapers, food, or rent increased, decreased, or	8.0%	64.6%	23.9%	3.5%	1.84

Statement	Direction of Change				Average change ²
	Increased	Stayed the same	Decreased	Don't know	
stayed the same?					
d. Has the amount of time the other parent has visited the child increased, decreased, or stayed the same?	18.6%	46.0%	35.4%	—	1.83
e. Has the regularity of the child support payments made by the other parent increased, decreased, or stayed the same?	20.4%	48.7%	27.4%	3.5%	1.93
f. Have the chances that your child support payments are made on time increased, decreased, or stayed the same?	12.4%	54.0%	30.1%	3.5%	1.82
g. Has conflict between you and the other parent over <u>parenting</u> issues increased, decreased, or stayed the same?	10.6%	72.6%	15.9%	0.9%	1.95
h. Has conflict between you and the other parent over <u>money</u> issues increased, decreased, or stayed the same?	17.7%	70.8%	8.8%	2.7%	2.09
i. Has your ability to manage your household finances increased, decreased, or stayed the same?	21.2%	45.1%	33.6%	—	1.88
j. Has your need for MFIP benefits increased, decreased, or stayed the same?	26.5%	36.3%	33.6%	3.5%	1.93
k. Has your awareness of the amount of child support paid in your case increased, decreased, or stayed the same?	26.5%	54.9%	15.0%	3.5%	2.12
l. Has your willingness to cooperate with the child support program to enforce or establish a child support order increased, decreased, or stayed the same?	36.3%	58.4%	4.4%	0.9%	2.32

¹ The State implemented the passthrough policy on January 1, 2001. The survey asked questions to determine whether parents had noticed any changes since that date in their economic situation, their relations with the other parent, and the other parent's behaviors.

² The average change was computed using a 1 to 3 scale, where 1=decreased, 2=stayed the same, and 3=increased. Thus, an average change score of 2.0 represents no change, while averages above 2.0 indicate an increase, and averages below 2.0 indicate a decrease.

Exhibit III-10
Changes Noncustodial Parents Have Made as a
Result of the Passthrough Since 1/1/01¹
(% of respondents)
(n=33)

Statement	Direction of Change				Average change ²
	Increased	Stayed the same	Decreased	Don't know	
m. Has the amount of child support you pay increased, decreased, or stayed the same?	36.4%	63.6%	—	—	2.36
n. Has the amount of time you spend with your child increased, decreased, or stayed the same?	18.2%	66.7%	12.1%	3.0%	2.06
o. Other than child support, has the amount of money you pay to help with child-related or household expenses such as diapers, food or rent increased, decreased, or stayed the same?	48.5%	45.5%	6.1%	—	2.42
p. Has the regularity of your child support payments increased, decreased, or stayed the same?	15.2%	75.8%	6.1%	3.0%	2.09
q. Have the chances that you pay your child support on or before the date it is due increased, decreased, or stayed the same?	9.1%	78.8%	9.1%	3.0%	2.00
r. Has conflict between you and the other parent over <u>parenting</u> issues increased, decreased, or stayed the same?	24.2%	60.6%	15.2%	—	2.09
s. Has conflict between you and the other parent over <u>money</u> issues increased, decreased, or stayed the same?	24.2%	69.7%	3.0%	3.0%	2.22
t. Has the other parent's awareness of the amount of child support you pay increased, decreased, or stayed the same?	21.2%	54.5%	3.0%	21.2%	2.23
u. Has your willingness to cooperate with the child support program about the child support order increased, decreased, or stayed the same?	15.2%	72.7%	9.1%	3.0%	2.06
v. Has the number of hours you work each month increased, decreased, or stayed the same?	18.2%	63.6%	15.2%	3.0%	2.03

Statement	Direction of Change				Average change ²
	Increased	Stayed the same	Decreased	Don't know	
w. Have the wages or salary you earn increased, decreased, or stayed the same?	27.3%	33.3%	36.4%	3.0%	1.91

¹ The State implemented the passthrough policy on January 1, 2001. The survey asked questions to determine whether noncustodial parents had made any changes in their economic situation, their relations with the other parent, and their behaviors (e.g., time with their child) as a result of the passthrough.

² The average change was computed using a 1 to 3 scale, where 1=decreased, 2=stayed the same, and 3=increased. Thus, an average change score of 2.0 represents no change, while averages above 2.0 indicate an increase, and averages below 2.0 indicate a decrease.

The exhibits display the proportions of parents who said there had been an increase, decrease, or no change since the implementation of the passthrough. They also report an average change score using a three-point scale, where 1=decrease, 2=no change, and 3=increase. If an average score of 2.00 represents no change, then average scores below 2.00 indicate a negative change in the factor since passthrough, while a score above 2.00 represents a positive change. As in earlier exhibits, we have excluded “don’t know” responses from the averages.

With one exception, the “don’t know” response rate was very low; generally 3% or less. The exception is among noncustodial parents: about a fifth (21%) of noncustodial parents said they were not sure whether the other parent’s awareness of the amount of support paid by the noncustodial parent had changed.

Custodial Parents

The first observation about the data in Exhibit III-9 is that for each question, a majority or plurality of respondents reported no change since passthrough implementation. The no change reports ranged from a high of approximately 73% of custodial parents reporting no change in their conflict with the other parent over parenting issues, to a low of 36% reporting no change in their need for MFIP benefits. Furthermore, the average change scores for almost all of the questions are close to 2.0, indicating that, on the whole, passthrough had not changed parents’ financial or behavioral situations. This finding has positive and negative implications for passthrough. It appears that while passthrough has had negative consequences for some and positive consequences for others, its overall effect has been, on average, neutral. However, passthrough may have created hardships for some parents in key areas and these hardships should not be overlooked.

Another way to look at the custodial parent survey responses shown in Exhibit III-9 is to compare those results, which illustrate the custodial parents’ perceptions of the impact

of the passthrough on their lives, with the changes that proponents of the passthrough expected to occur. Exhibit III-11 makes that comparison for a number of financial and behavioral issues.

Exhibit III-11

Direction of Change Reported by Custodial Parents in the Survey Responses

Question	Direction of change proponents want from passthrough	Average direction of change reported by survey respondents
Financial Issues		
Overall amount of household income available	+	-
Amount of child support the other parent pays	+	No change
Amount of non-support money the other parent contributes toward expenses	+	-
The regularity of child support payments	+	-
The timing of child support payments	+	-
Ability to manage household finances	No prediction	-
Need for MFIP benefits	-	-
Behavioral Issues		
Time other parent spends with child	+	-
Conflict with other parent over parenting issues	-	-
Conflict with other parent over money issues	-	+
Awareness of child support paid by other parent	+	+
Willingness to cooperate with IV-D program	+	+

As Exhibit III-11 illustrates, implementing the policy did not achieve most of the effects proponents of passthrough hoped to realize in the immediate aftermath of implementation. For example, advocates of passthrough hoped that the custodial parent would experience an increase in household income, including child support, and an increase in the time their child spent with the other parents. Neither of these goals appears to have been realized within the scope of this project.

Perhaps the one bright spot in the custodial parent's financial picture is that the overall perceived need for MFIP benefits decreased after passthrough implementation, although it is impossible to determine why that result occurred, given that they reported an overall decrease in household income. Unfortunately, this improved perception of the child support agency did not appear to carry over to relations with the other parent. For example, custodial parents reported less visitation time between the other parent and the child and more conflict over money issues than before passthrough implementation. However, they also reported less conflict over parenting issues, which is a positive outcome if it continues. Other studies have shown, however, that many factors unrelated to child support payments create conflict and it is perhaps overly optimistic to expect passthrough to help resolve conflict.

From a behavioral standpoint, the impact of passthrough appears more positive. That is, some of the changes supporters hoped would result from the passthrough seem to be occurring. Of particular note, custodial parent respondents reported they were more aware of the child support the other parent paid and said they were more willing to work with the child support agency to enforce or establish child support orders.

Noncustodial Parents

Noncustodial and custodial parents provided similar response patterns to the questions asked (Exhibit III-10 provides noncustodial parent responses). As a general rule, the majority or plurality of respondents reported no change in answers to most of the questions. Two exceptions exist, however. First, nearly half of noncustodial parents (49%) reported contributing *more* money to the household finances (other than child support) since the passthrough was implemented. Second, a plurality of noncustodial respondents reported that their earnings had *decreased* since passthrough, perhaps a reflection of the overall downturn in the U.S. economy.

Unlike the findings for custodial parents, results for noncustodial parents show, on average, a positive change for all but one question. In Exhibit III-12, below, we examine the direction of change reported in the noncustodial survey responses and compare it to the direction of change the proponents of passthrough expected to occur.

Exhibit III-12
Direction of Change Reported by Noncustodial Parents
in the Survey Responses

Question	Direction of change proponents want from passthrough	Average direction of change reported by survey respondents
Financial Issues		
Amount of child support the noncustodial parent pays	+	+
Amount of non-support money the noncustodial parent contributes toward expenses	+	+
The regularity of child support payments	+	+
The timing of child support payments	+	No change
Number of hours the noncustodial parent works	+	+
Earnings of the noncustodial parent	+	-

Question	Direction of change proponents want from passthrough	Average direction of change reported by survey respondents
Behavioral Issues		
Time noncustodial parent spends with child	+	+
Conflict with other parent over parenting issues	-	+
Conflict with other parent over money issues	-	+
Custodial parent's awareness of child support paid by noncustodial parent	+	+
Willingness to cooperate with IV-D program	+	+

It is interesting to note that some custodial parent survey responses directly conflicted with noncustodial parent survey responses. For example, 36% of noncustodial parents reported increases in the amount of child support they paid since the implementation of passthrough and none reported a decrease. This compares to 18% of custodial parents who reported an increase and 34% who reported a decrease in the support amount they received. Although the parent respondents are not all from the same cases, it is unlikely that they had such disparate experiences in terms of child support payment and receipt. In surveys, custodial and noncustodial parents typically respond to questions in self-serving ways. When independent data are available to verify payments, the actual number usually falls in the middle of the reports from the two parents. It is possible that the positive effects noted in the above table occurred, although we are skeptical about some of the effects given the responses from custodial parents.

Regardless of this caveat, Exhibit III-12 offers encouraging data about the financial impact of passthrough. All of the financial issues addressed in the survey show favorable changes except for total earnings. On that issue, noncustodial parents reported earning less since the passthrough was implemented.

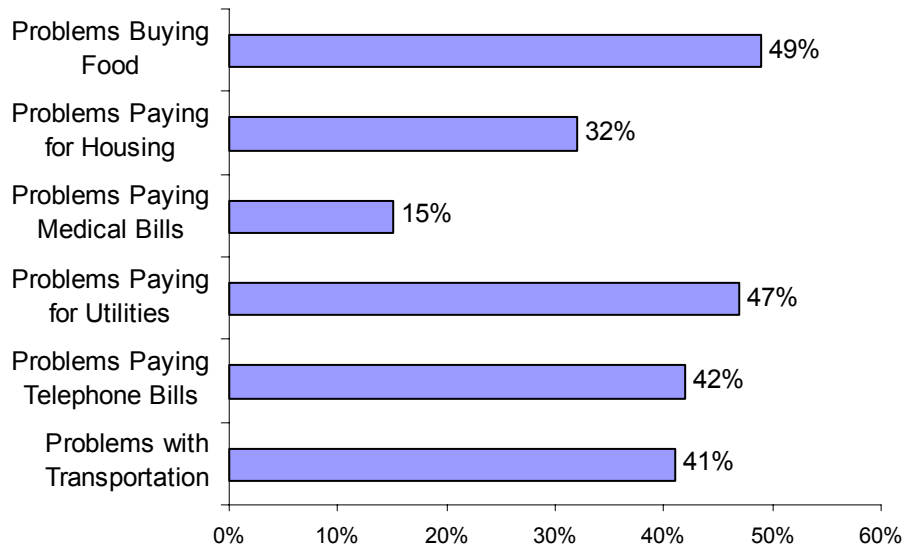
From the standpoint of behavioral changes, the survey provided mixed results. Noncustodial parents on average reported a slight increase in the amount of time they spent with their children. However, they also reported increases in conflicts with custodial parents over parenting and money issues. Nevertheless, they believed the custodial parent was more aware of the amount of money the noncustodial parent paid in child support, and reported more willingness to cooperate with the child support agency to establish and enforce orders.

Problems Parents Report Having Because of Passthrough

A potential drawback of the Minnesota passthrough is custodial parents likely face fluctuating incomes from month to month if child support is not paid regularly and in full. This can create budgeting problems for custodial parents if they do not know what income level to expect every month. To learn whether this created any hardships for

custodial parents when they paid for necessities (e.g., housing, utilities), the survey asked a series of questions about problems custodial parents might have had paying for specific necessities. Exhibit III-13 lists the responses to these questions.

Exhibit III-13
Problems Custodial Parents Report Having Because of the Passthrough
(Percent of Respondents Saying "Yes")
(n=13)



Less than half of all custodial parents reported having any problems paying for necessities as a result of passthrough, but the fact that almost half of custodial parents reported having budget problems is some cause for concern. For example, 49% of custodial parents reported having problems buying food, 47% reported having problems paying for utilities, 42% reported problems paying telephone bills, and 41% said they had problems with transportation as a result of passthrough. A smaller proportion, 15%, reported problems paying for housing and 15% reported difficulty paying medical bills, although Section 8 housing subsidies and Medical Assistance eligibility benefits may have lessened these problems.

Examining the data by the parent's racial/ethnic status indicates that the presence of a problem was not isolated to one or two racial/ethnic groups. The problems seemed to occur for everyone regardless of their ethnic identity.

4. FINDINGS FROM PARENT FOCUS GROUPS AND INTERVIEWS

Information on custodial parents came from focus groups made up of “general” (selected without regard to ethnic affiliation) custodial parents and Southeast Asian custodial parents. Interviews conducted with Somali custodial parents provided additional information.

In interpreting the findings from the parent focus groups and interviews, it is again important to consider that these data are *not* intended to be generalized to the larger parent population. We used this research method to collect information to add detail and texture to the parent surveys and the analysis of the administrative data. These are the opinions and experiences of a very limited number of parents who were willing to share their experiences for purposes of this evaluation. They offered thoughts and stories that “bring to life” some of the qualitative data in this report.

Custodial Parent Awareness

Data show that the custodial parents were not equally aware of the policy change and implications. The Somali women seemed to be primarily aware that there was additional income and support available from the noncustodial parent. They did not appear to be aware of the details of the transfer process. One of the women stated that “child support money is now part of my income,” referring to the difference between the passthrough policy and the previous policy under which she directly received only MFIP benefits. Those aware of the policy change expressed the sentiment that the passthrough policy is an improvement over the previous distribution policy. The Somali mothers received passthrough information from several sources, including the written notices from the State and from MFIP financial workers. The County MFIP office invited the Somali mothers from Southern Minnesota to an information session regarding the passthrough policy, which the mothers said was “very helpful.” One mother received information from her MFIP financial worker during her annual case review.

In obvious contradiction to the group of Somali women, no members of the Southeast Asian custodial parent focus group were familiar with the passthrough policy. Only one of the eight mothers received child support during 2001, and only one of the mothers even knew the amount of her child support order. The focus group started in confusion until the moderator realized that the mothers were commenting on the overall child support enforcement program, as opposed to the specific passthrough policy. These mothers had little familiarity with child support in general and the passthrough was almost completely irrelevant to them, as most had not received any child support payment before or after the passthrough was implemented.

The two participants in the “general” custodial parent focus group showed a good understanding of the passthrough policy and its impact on their families. They understood the details of the policy, including the connection between passed-through child support and its later impact on their income because of MFIP’s retrospective budgeting. They reported learning about the passthrough policy from multiple sources, including their child support and MFIP financial workers and the notice from the county, which they believed was very clear. They gained the majority of their knowledge through experience with the policy and asking questions to their child support workers. They expressed frustration about not getting clear answers from the child support workers. One mother said her child support worker told her, “The laws keep changing every month. I don’t have enough information to explain it now. We’ll just have to see what happens when the noncustodial parent pays support.”

A number of the parents expressed a desire for more information about the policy. One parent said, “I’d like a copy of the actual law so I could quote it to my child support worker, who doesn’t seem to understand it at all.” Most confusion focused on payment dates, specifically, how they affected the distribution of child support and the consequent effects on monthly income. One woman described a situation where an out-of-state child support check arrived to her one day early, on the thirty-first instead of the first of the next month. The State treated the money as the second payment by the noncustodial parent during that month in accordance with federal law governing the receipt of child support, and handled the money as an arrears payment not distributed to her. Because of retrospective budgeting of the support she had received two months earlier, the mother received only \$30 in MFIP benefits that month. She described the situation as “horrible,” noting that no one at the county understood how the dates worked in regard to passthrough and its effect on distribution.

The mothers offered the general consensus that the fathers of their children were uninformed regarding the passthrough policy. Only three of the 17 mothers reported having discussions with the noncustodial parent about the passthrough, and only one of them said the noncustodial parent actually understood the policy. It appeared the mothers believed the fathers just had a general awareness that their money now went directly to their family.

Financial Impact, According to Custodial Parents

The Southeast Asian mothers, who generally received no child support payments, had no comments about the impact of the passthrough on family finances. The Somali and “general” custodial mothers, who had at the least a basic understanding of the policy change and its effects, offered a general consensus that it is an improvement compared to pre-passthrough procedures.

The most commonly cited positive impact of the passthrough was that it made the family less reliant on public assistance (MFIP). As a whole, the mothers preferred to receive child support instead of MFIP benefits, even if it did not change their overall income. They believed child support reduced their dependence on welfare. Statements included, “I don’t have to use my little MFIP card,” and “There is less stigma. People don’t think I’m just lazy.”

Several mothers also said the passthrough helped create a financial connection between themselves, their children, and the noncustodial parent. They liked knowing that the noncustodial parent is “financially accountable for being away from the children.” They stated they also were more aware of the child support payments—“It’s good to know how much money actually comes from dad, because it used to go the State and I didn’t know.”

The mothers also reported the passthrough caused a number of negative financial impacts on their families. The biggest financial challenge posed by the passthrough was difficulty budgeting. Under the previous policy, the mothers received one MFIP check on the first of each month. Now, the MFIP check was much smaller (assuming the noncustodial parent paid support two months prior) and smaller child support checks arrived throughout the month. Under the best case scenario (full, regular child support payments by the noncustodial parent), the mother had the same monthly income, but it was spread out throughout the month, which made it difficult to pay rent and other bills typically due on the first of each month. When child support is irregular, the mother could no longer fall back on the regular MFIP grant because it might have been reduced because of a child support payment received (and usually spent) two months prior.

Some mothers, often at the suggestion of their MFIP financial workers, tried to set aside child support for two months to avoid drastic budget swings as a result of retrospective budgeting. However, this proved difficult for families that were already trying to survive on very low incomes. One mother said, “Once in a while I have to use the money ahead of time to pay a bill.”

Overall, the mothers said the passthrough had no impact on the amount or the regularity of child support payments by the noncustodial parent. Some did say the child support now seems “more official,” since the mother sees the checks each month. Most frequently, they commented that in order for the passthrough to make a financial difference to the family, the county needs to aggressively enforce the child support laws to ensure consistent child support payments.

The mothers reported they received several types of public assistance, including childcare, housing, school lunches, WIC, and energy assistance. None of them reported having benefit levels in any of these programs reduced because of passed-through child support. One mother said she knew the child support should have reduced her housing

subsidy during the first two months when she received her full MFIP grant and the child support payments, but she did not report the additional income during those months because she knew it was temporary and feared a reduction in her housing assistance.

Behavioral Impact, According to Custodial Parents

We asked the mothers about the impact of the passthrough on their work effort and their relationship with the other parent and with the child support and MFIP agencies. The answers to these questions varied somewhat from one group to the next. One area where all groups reported unanimous opinions was that they did not believe the passthrough impacted their own work effort. This was true whether the mothers were currently working or not.

The Southeast Asian and Somali mothers unanimously stated that the passthrough had no impact on their relationship with the other parent. In addition, the mothers did not believe the passthrough encouraged fathers to pay support. In fact, one mother said the passthrough would discourage the father from paying because, knowing the support went directly to the mother, the father would not pay for fear the mother would not spend the money on the children. The mothers from the “general” custodial parent focus group stated that the passthrough created additional stress in their relationships with the fathers of their children. One mother said, “I have to call him all the time if the check is late to see if he’s working. Once, I had to chew him out because he hadn’t paid child support in a month. He then didn’t call his daughter for three weeks.”

The “general” focus group cited the passthrough’s main impact to be the spillover of stress from the parental relationship into the noncustodial parent’s relationship with the child. The Southeast Asian women said the passthrough had not impacted the noncustodial parent and child relationship because no relationship existed for any of them. The Somali women, on the other hand, expressed hope that the passthrough would positively impact the father-child relationship. One woman said, “He is feeling he is taking part of the responsibility for his children, which makes a closer relationship.” All of the women believed that if a positive relationship already existed between the father and child, the passthrough might enhance that, but if the relationship was strained or non-existent, the passthrough would not bring them together.

The three groups also expressed widely varying opinions about whether their relationship with the child support or MFIP agencies changed because of the passthrough. The Southeast Asian mothers, who were not connected to the child support agency and were not receiving any child support, said the passthrough had no impact on their relationship with either agency. The Somali mothers appeared more positive about the changes in their relationship with child support and MFIP and said they worked together more closely and had more contact. The “general” focus group mothers expressed the strongest and most negative opinions. They stated that increased

involvement with their child support workers had a negative effect on their relationship. One mother said, “I have to keep going over my worker’s head to get answers. He hates me now and won’t help or return calls.” They said the passthrough had not impacted their relationship with their MFIP financial workers.

One mother believed the passthrough gave new incentive not to cooperate with child support at all. She described a friend with three children who does not cooperate with the child support agency and receives no child support for her children. The mother stated, “She gets the same amount of money I do every month, but hers is all MFIP and she gets it right on the first of every month. She can count on it to pay her bills.”

Custodial Parent Recommendations for Policy Change

The Somali mothers agreed that the passthrough policy did not currently need to be changed, based on their favorable impressions so far. They reasoned that because it was too new to evaluate accurately, any changes would create confusion about its outcomes and possibilities.

The Southeast Asian group did not have any recommendations for policy changes. They mentioned that even with a 100%-disregard, the disregard would not help them collect support if the fathers were not working or were engaged in informal labor for cash.

The “general” focus group participants indicated that the timing of the retrospective decrease in MFIP benefits should be more predictable for parents. One mother stated that regardless of when the first child support check is received, parents should receive two full months of MFIP before the grant is decreased. As an example, she said that if a parent receives a child support check at or near the end of one month, the passthrough policy reduces MFIP benefits at the beginning of the third calendar month, which may be just over 30 days later.

When asked specifically about policy changes that might expedite or further their ability to become self-sufficient, some of the Somali mothers said this could be best achieved by increasing payments to custodial parents and families. Some supported implementing some level of disregard, while others offered more idealistic and vague suggestions, such as, “Families just need to take better care of their kids.” One respondent also noted that a policy does not exist that addresses what she perceived as the most primary child support need—“keeping the parents together.”

The Southeast Asian women did not have any specific suggestions for policy changes that might help them achieve self-sufficiency. They vented some complaints about a system that requires them to work, but does not seem to enforce the same mandate for “deadbeat fathers.” These women also expressed some cynicism, with one commenting,

“Laws are made to protect people with money and not for the benefit of the poor.” Some believed a cultural bias existed, as demonstrated by a Hmong woman who received child support because her children had a Caucasian father, while most Hmong women with children fathered by Hmong men did not collect any support.

The Southeast Asian women’s responses to questions about socially and ethnically imposed barriers seemed to reinforce the idea that they were a culturally isolated group. They cited the very strict and very male-dominated Hmong culture and believed there is not any social pressure on Hmong men to take responsibility for their children or to help the mothers of their children. The group members reported that if Hmong clan leaders would pressure men to start taking care of the children, it would make a noticeable difference. One woman said there had been incidents where Hmong women killed themselves and their children because of conflicts directly related to child support disputes and the pressure they felt trying to raise their children alone without any support, skills, or education.

Finally, one of the mothers from the “general” focus group suggested Minnesota should adopt a disregard policy as a way to help families achieve self-sufficiency. She said, “Disregard would help, like they have in Wisconsin. That way your budget isn’t all messed up when he doesn’t pay in a month. You’d still be able to count on your MFIP, and you could use the child support to try to get more self-sufficient. You could really start to budget for the future with that huge jump in income. It would give much more incentive to work. It would really build people up who wanted to work and get the child support coming in.”

They also noted that disregard would give people more incentive to cooperate with child support enforcement agencies, citing that “women who don’t cooperate and identify their child’s father would not be better off, but those who cooperate would get a benefit for doing so.”

Noncustodial Parent Awareness

We conducted a focus group with 12 noncustodial fathers in July 2001. Five of the 12 participants stated they were aware of the passthrough policy prior to the focus group. Their basic knowledge of the policy included knowing that their children received the child support money they paid as opposed to the State keeping their money. When asked about how they learned about the policy, three cited fatherhood program staff (Urban League, Fathering Center, Parents’ Fair Share), one cited information from the County Attorney’s office, and one did not identify a specific source. Interestingly, the informed participants acknowledged informally sharing information about the passthrough with other noncustodial parents. None of the fathers said the county or other governmental sources informed them about the policy change and none reported any exchange of information on the policy with the custodial parent. One participant

said, “The State wouldn’t bother telling the noncustodial parent because the State always has control and doesn’t consider the needs of the noncustodial parent.”

When asked what else they would like to know about the passthrough policy, the fathers were primarily interested in the policy’s effect (if any) on arrears payments and arrears debts, specifically, if arrears payments are passed through as well, and if that decreases arrears debt loads.

Fathers were also asked about the relationship between the passthrough and the five-year MFIP time limit. The fathers predicted that as the MFIP time limit approaches, some custodial mothers will attempt to give custody of the children to the fathers. They questioned that if this were to happen, would the five-year limit begin again? If so, isn’t that defeating the purpose of the time limits? This conversation led to a general consensus that the State/county needed to do more to help *both* parents become self-sufficient, rather than spending time on policies like the passthrough.

Financial Impact, According to Noncustodial Parents

The fathers generally agreed that the passthrough policy did not impact the amount or regularity of their child support payments. They suggested that fathers paid support because they have to pay, citing enforcement and punitive measures such as income withholding, threats of jail, and driver’s license revocation. The group stated that when they did not pay support, it was usually because of personal issues such as medical problems that prevent them from working or being on General Assistance. The group also perceived the law focused on getting fathers to pay while it allowed custodial parents to control visitation. The fathers said that the issue is not that they refuse to pay or that they don’t want to pay, but that valid and legitimate issues exist, both personal and systemic, that impede their ability to pay and put barriers between them and their children.

The fathers reported the passthrough had no effect on the type of payments they made (e.g., direct, in-kind). They said they struggled to make child support payments when they could and bought things for their kids when they could. Overall, they reported, “The policy doesn’t make any difference.”

We asked the fathers to assess the passthrough’s impact on the income available to their children. The respondents noted that they had not expected any impact and had not seen any impact. They speculated that passthrough might make the custodial parent more likely to seek emergency assistance because of the difficulties of budgeting when income is “already so low.” These fathers further reported that they had not heard of any impact on the custodial mothers, but speculated mothers have not given much thought to the impending five-year TANF limit and once those limits expire, child support will be all they have.

There was also substantial discussion concerning how the passthrough increased the custodial mother's awareness of the father's financial situation and contributions. Remarks included:

- ✓ (The passthrough might) give her some awareness of his financial situation, now that she knows how much he (the father) pays each month;
- ✓ She (custodial mother) will feel his pain when he changes jobs or loses his job and the payments stop for a while;
- ✓ When she sees how much he pays each month, she may realize he just can't give more and she may be more likely to do something to earn some money herself;
- ✓ She'll realize, "It's rough on you. It's rough on me. Let's just kick in."
- ✓ It might make the custodial mother more likely to spend the money on the kids as opposed to getting her hair and nails done; and
- ✓ It's good that moms now get more money from dads, less from the government.

When asked what they liked about the passthrough policy, the responses varied but were predominately positive. The overriding sentiment was it was good that the State did not keep the money. The fathers expressed some anticipation that the passthrough might raise the custodial parent's awareness of the difficulties faced by the father and perhaps elicit some responses of leniency on their part.

The noncustodial fathers also said that it is fair that the State should not disregard child support when it determines the family's MFIP grant. When asked how they would feel if the situation were reversed and they were the custodial parent, one respondent noted that he would change the way he budgeted—he would not have cable television and would get a cheaper car.

Behavioral Impact, According to Noncustodial Parents

The fathers overwhelmingly stated the passthrough policy had no effect on their behavior, relationship with the custodial mother, or relationship with their children.

We asked the focus group participants if the passthrough would make them more or less likely to establish paternity for their children if they had not already done so. We also asked if the passthrough would make them more likely to pay child support. The following statement sums up the sentiment of the group—"No impact whatsoever. Those dads who will step up and take responsibility will do so; those who won't, won't. No government policy is going to change that."

The group also reported the policy did not impact the number of hours they worked. They stated that they were doing the best they could and that passthrough had no effect on their efforts to earn a living. We also asked the group about the effect of passthrough

on their attitudes toward jobs that require income withholding. They stated that they “would prefer to work for cash.” One father stated that he got a job at a car wash and took home about \$150 for the first few weeks. Once income withholding kicked in, he was left with only \$80 per week—“not nearly enough to live on.”

When asked about the effect of passthrough on the relationship between custodial and noncustodial parents, the fathers said the policy had no effect. Once again they stated, “If they (parents) get along, they do; if not, they don’t, and the passthrough just doesn’t matter.” They reiterated their belief that once the time limits hit and MFIP benefits stopped, the custodial parents would give custody to noncustodial parents because no one can afford to live on the child support a low-income dad can afford to pay.

When asked if they felt more connected to their children in any way by knowing that their child support dollars now went directly to their children, the fathers responded no. They said that, “fathers are involved, regardless of government policy.” Most said they would like to see their children more, but often the children’s mothers did not allow it.

The fathers noted that courts and child support agencies support the mother’s control of visitation rights. They stated that the child support agency was more concerned with “hassling them for support, threatening to send them to jail, and attempting to revoke their driver’s licenses.” The passthrough had not changed their negative perceptions of either the child support agency or the MFIP agency—“There has been no change; I still feel the child support enforcement agency is not concerned about dads and their needs.”

The fathers responded indifferently when asked what they did not like about the policy and its implications. Their general consensus appeared to be that whatever their dislikes might be, it was immaterial to air them. One participant said, “It makes no difference. No one asked fathers before they made this policy. Low-income dads are totally powerless. This policy has nothing to do with dads and their needs.”

Noncustodial Parent Recommendations for Policy Change

Participants offered forthcoming opinions regarding how they would like to see the passthrough policy changed. Comments included:

- ✓ Make the mother more financially accountable and make her tell me how and where she spends the child support money;
- ✓ Don’t change the disregard (amount). It would not be better to have more money disregarded. Some would abuse the privilege of getting more money and not spend it wisely. (Fathers who commented on this issue expressed this opinion almost unanimously.);

- ✓ Mothers “get so much help (financial/public assistance) while dads get nothing.” This seemed to add to the sentiment that mothers should not get more assistance;
- ✓ One father said that stating that mothers should not receive more money completely ignored what might be best for the children; and
- ✓ One dissenter from the group suggested that there should be a 100-% disregard, but that county MFIP should “get on (custodial mothers) more to get out and work, because time limits are coming up.”

The suggestions for policy change from noncustodial parents focused mainly on the financial impact of child support, with many of the comments not specifically related to the passthrough policy. Responses again indicated the father’s frustration with the child support program’s focus on helping mothers while ignoring the needs of fathers.

Chapter IV

Findings from Administrative Data and Cost Analysis

1. INTRODUCTION

This chapter explores the impact of Minnesota's passthrough policy by analyzing longitudinal administrative data for a random sample of child support (IV-D) cases enrolled in the Minnesota Family Investment Program (MFIP). We randomly selected a representative sample of child support cases open prior to implementation of the passthrough policy. We then extracted case-level data monthly to compile a longitudinal database to examine whether the passthrough policy affected a variety of outcomes.

The analysis of administrative data examined whether there were significant changes in:

- ✓ Child support outcomes;
- ✓ MFIP outcomes; and
- ✓ Receipt of other public assistance.

If changes occurred, the analysis also considers whether the changes likely resulted from passthrough or other factors. In addition, we used the administrative to:

- ✓ Analyze the costs of the new passthrough policy; and
- ✓ Simulate the impact of a disregard in the calculation of the MFIP grant amount.

2. DATA AND METHODOLOGY

We used a random sample of child support cases from the IV-D automated system (PRISM) as data for this analysis. For child support cases having corresponding MFIP cases, we matched the PRISM case data to information provided from the MFIP automated system (MAXIS). The research methodology used in this evaluation is a pre/post design with the time frame of comparison being before and after implementation of the passthrough policy. When reviewing these results, it is important to note that this is only an analysis of IV-D (Child Support) cases with corresponding MFIP cases. This is not an analysis of the entire MFIP caseload, nor should any of the findings be generalized to the entire MFIP caseload.

Description of the Administrative Data

The data used for this analysis build upon administrative data used in a recent study used to estimate the caseload and costs of a Child Support Assurance program in Minnesota. The Child Support Assurance study randomly selected more than 11,000 IV-D cases and

tracked information pertaining to child support, MFIP and other public assistance on these cases monthly for the calendar year 1999. For the evaluation of the child support passthrough policy, the study extended the tracking of these cases to calendar years 2000 and 2001 in order to have administrative data that spanned a year prior to and year after passthrough implementation. It was anticipated that a small number of cases in the initial sample would still be active MFIP cases and thus subject to the passthrough policy, so we drew a supplemental sample of open cases in January 2000.¹⁰ Data for these cases were also tracked in 2000 and 2001, but not in 1999.

In summary, this analysis relies on a combination of two random samples: Wave 1 (drawn in 1999 for the child support assurance study) and Wave 2 (a supplemental sample drawn in January 2000).

- ✓ **Wave 1 (1999 Sample for Child Support Assurance Study).** The base sample included 5% of the January 1999 open IV-D cases, excluding those in which the custodial parent did not live in Minnesota, and interstate cases where Minnesota was the responding state. We added an additional 1% of newly opened IV-D cases meeting these criteria for every month of 1999. This resulted in the addition of about 40 cases each month. In all, there were about 11,000 IV-D cases drawn for Wave 1, but only about 1,000 of them had a current support order *and* received MFIP in 1999, the basic requirements for a Child Support Assurance program. Furthermore, because of the high MFIP exit rate, we anticipated that many of these cases would not receive MFIP in 2001, the year the passthrough policy change took place.¹¹
- ✓ **Wave 2 (2000 Sample).** The base sample included 5% of open IV-D cases in January 2000, but unlike Wave 1, we did not add an additional 1% draw from newly opened IV-D cases in subsequent months of 2000. We eliminated this additional sampling because it yielded few cases and required considerable effort in programming and data extraction. In all, Wave 2 resulted in about 11,000 more IV-D cases.

¹⁰ The original sample was drawn from all IV-D cases regardless of child support order and MFIP status. For child support to be passed through, there must be a child support order, payment on that child support order, and MFIP receipt. Only about 1,000 of the IV-D cases sampled for the Child Support Assurance study had both a current support order and MFIP receipt in 1999, but not all of those cases received child support payments. Furthermore, it was anticipated that many of those IV-D cases receiving MFIP in 1999 may not receive MFIP in 2000 and 2001.

¹¹ A longitudinal study of MFIP recipients found that one-third of MFIP recipients left MFIP within a year. The proportion was even higher among new MFIP recipients—half of them left MFIP within a year. [Minnesota Department of Human Services Program Assessment and Integrity Division, *Minnesota Family Investment Program Longitudinal Study: One Year After Baseline*, State of Minnesota, St. Paul, Minnesota (December 2000)].

- ✓ **Combination of Wave 1 and Wave 2.** When combined, the two random samples comprised more than 22,000 IV-D cases. About 4,000 of those IV-D cases received MFIP sometime between 1999 and 2001 and approximately 2,500 of the IV-D/MFIP cases had a child support order¹². These cases provided the basis of most of the analyses in this report.

Although all of these cases are available for analysis, the sample size in subsequent exhibits varies according to the specific analysis conducted. For example, the pre/post-passthrough comparison of IV-D cases with child support orders that left MFIP involved only a subset of the 2,500 IV-D/PA cases with child support orders. Another example concerned the discussion of order establishment. That analysis included IV-D cases without child support orders as well.

Definitions of Case and Passthrough

We based most of the analysis on IV-D/PA cases. A 2000 (pre-passthrough) IV-D/PA case is defined as an IV-D case that received MFIP in any month of 2000. These cases could have received MFIP in one month, 12 months, or any number of months between one and 12. Similarly, we defined 2001 (post-passthrough) IV-D/PA cases as IV-D cases that received MFIP in any month of 2001, but not necessarily all months of 2001.

We defined passthrough as payments toward current child support due on an IV-D/PA case in the month used to determine the MFIP grant amount. Because of data limitations, it does not include spousal support. It should also be noted that it does not include payments of current support or arrears in former MFIP cases that would go directly to the family anyway, regardless of whether there was or was not passthrough. These exclusions are considered part of the IV-D program's normal distribution rules. For purposes of this study, we considered passed-through child support as child support payments that the family now receives directly that they would not have otherwise received if there was no passthrough.

Description and Limitations of Pre/Post Analysis

The ideal analysis for this study would be an experimental design approach with random assignment of cases to experimental and control groups, similar to the approach employed in Wisconsin to analyze the impact of their passthrough program. This approach was not possible since Minnesota's legislation mandated a universal change in passthrough policy.

¹² These will be referred to as "IV-D/PA" cases throughout this chapter to clearly distinguish them from MFIP cases that became IV-D cases. .

The next best alternative is a pre/post analysis of cases before and after passthrough implementation. However, other factors that may influence the outcomes being studied limit the capacity of pre/post analysis to assert definitive causal connections. At least three such factors are of concern this evaluation.

- ✓ *The economy underwent substantial changes before and after passthrough implementation. These changes may affect both the direction and the magnitude of some of the key outcomes being measured to evaluate the impact of passthrough.* Specifically, 2000 is generally recognized as the last year of an economic expansion. A recession began in March 2001, just a few months after passthrough was initiated.¹³ The state of the economy affects some of the outcomes measured in this study, particularly MFIP caseloads and the regularity and amount of child support payments. Generally, if jobs are plentiful, as they typically are in an economic expansion, fewer families need public assistance and noncustodial parents are more likely to be employed at jobs where child support can be withheld from wages. During an economic recession, the converse is true. More families need to rely on public assistance and fewer noncustodial parents will be employed, hence income withholding is not as effective. Changes in the economy likely diminished some of the anticipated positive impact of a passthrough policy.
- ✓ *Recent and on-going improvements to child support enforcement have enhanced, and will most likely continue to improve, child support outcomes.* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 provided states with several new child support enforcement tools. Not all have been implemented or have reached their full potential. For example, Minnesota recently enacted legislation that enables financial institution data matching (FIDM) against child support cases, and, in turn, allows child support liens to be set against obligors who have accounts with financial institutions. Minnesota is also in the midst of an initiative to increase paternity establishment. It is anticipated that FIDM, the paternity initiative, and other child support enforcement initiatives will improve child support outcomes, making it difficult to isolate the impact of the passthrough policy. Finally, Minnesota is a national leader in child support collections. Efforts to maintain this high performance will likely advance many of the same outcomes as are anticipated from passthrough.
- ✓ *MFIP time limits may influence family behavior; the impact of time limits may become stronger as families approach the limit.* The 60-month time limit on receipt of cash assistance is thought to exert pressure on MFIP recipients to exit the program or, at minimum, to attempt to preserve months of cash assistance when possible. It is anticipated that

¹³ Business Cycle Dating Committee, National Bureau of Economic Research *The NBER's Business Cycle Dating Procedure*. National Bureau of Economic Research, New York, New York (April 10, 2002).

some of the first families will meet the 60-month time limit in July 2002.¹⁴ The influence of this pressure may affect their behavior more so than passthrough. Families approaching the time limit may use their last few allotted months sparingly. The time limits may also encourage child support payments, since these are an income alternative to MFIP payments. Essentially, time limits may affect behavior, and thus influence outcomes similar to those anticipated from passthrough.

3. IMPACT ON CHILD SUPPORT OUTCOMES

The primary policy change contained in the child support passthrough policy is that families that receive MFIP now receive a separate check for child support payments made on their case. Prior to passthrough, MFIP recipients were generally unaware of child support payments because the State retained most child support to offset the costs of assistance. A fundamental policy question for this evaluation project was whether the change in passthrough policy caused any other effects to child support outcomes. We explored this question by focusing on several specific research questions. We included the findings from the Wisconsin study, the only other study to examine child support passthrough, as a benchmark to discuss the hypotheses for each of these research questions.

- ✓ *Are parents more likely to establish child support orders because of the passthrough policy?* The Wisconsin theory was that passthrough with a disregard provided parents with an economic incentive to cooperate with the establishment of paternity and child support orders because the combined income from child support and W-2 (Wisconsin's replacement of AFDC) would be more than W-2 income alone. Wisconsin found that passthrough increased paternity establishments but not child support order establishments.¹⁵ The noncustodial parents in the Minnesota focus group stated that passthrough would not affect their decision to establish paternity, while noncustodial parents surveyed indicated that the passthrough would increase their willingness to establish paternity. In summary, some evidence suggests that passthrough may increase order establishments, but the evidence is weak.

¹⁴ Minnesota Department of Human Services, *Economic and Community Supports: Executive Summary*, St. Paul, Minnesota (April 2002).

¹⁵ About half of the non-marital children in the Wisconsin passthrough experiment had paternity already established at entry. Among those who did not have paternity established and no recent AFDC experience, there was a significant increase in paternity establishments between the experimental and control group (19.7% and 14.5% had paternity established, respectively) in the first year of tracking. In the second year of tracking there was no statistical difference between the experimental and control group. Case-level analysis, rather than child level, revealed no statistical significance. Furthermore, the results indicate that the increases in paternity orders did not translate in more child support orders. Order establishment rates among the experimental and control groups had no statistical difference. (Meyers and Cancian 2001, Chapter IV, Volume 1, pages 46-49).

- ✓ *Are noncustodial parents more likely to pay child support because payments now go directly to the family rather than the State?* The answers based on the Wisconsin experiment and the focus groups conducted as part of our evaluation provide conflicting conclusions.
 - The Wisconsin passthrough experiment with a disregard found increases in the proportion of paying cases and the amount of child support paid.¹⁶
 - The noncustodial parents in the focus group almost unanimously suggested that Minnesota's new passthrough policy would have no impact on their willingness to pay child support. The custodial parents in the focus groups also did not think passthrough would affect the noncustodial parents' willingness to pay, but a few of the custodial parents mentioned that because of passthrough, they were more likely to contact the noncustodial parent to ensure that payments were made timely.

One possible explanation for this variation is that the Wisconsin passthrough experiment included a 100%-disregard in the calculation of the public assistance grant and Minnesota does not. Other research conducted by the Wisconsin evaluators indicated that a passthrough coupled with a disregard is necessary for passthrough to promote positive incentives.¹⁷

In general, the analyses in this report suggest that Minnesota's passthrough policy does not have any significant impacts on quantitative child support outcomes. However, it is not clear whether the economic recession overshadowed any positive outcomes from passthrough or whether passthrough truly has no impact when there is no disregard. It would be necessary to conduct a comparison of two time periods with the same economic conditions to determine whether passthrough does indeed promote positive outcomes. This is particularly true for any examination as to whether the lack of a disregard has any impact. Furthermore, passthrough proponents based their expected child support outcomes on the presumption that passthrough may change parents' attitudes and behavior, which in turn would change child support outcomes. A single year may not offer enough time for parental attitudes and behavior to change. It may also not be enough time to reflect in child support outcomes, particularly when other

¹⁶ Wisconsin found that 56.3% of the experimental group cases had child support payments compared to 52.3% of the control group cases. The gap was larger among cases with no recent AFDC history (58.4% for the control group and 48.2% for the experimental group.) In addition, the experimental group paid a higher average amount of child support than the control group. The largest difference in payment was about \$300 per year and it was among participants with no recent AFDC history. [Daniel R. Meyer and Maria Cancian, *W-2 Child Support Demonstration Evaluation: Phase 1: Final Report*, Institute for Research on Poverty, University of Wisconsin at Madison (April 2001), Table I.4.1].

¹⁷ Daniel R. Meyer and Maria Cancian, *W-2 Child Support Demonstration Evaluation: Report on Nonexperimental Analyses: Volume 1: Comparative Summary of Quantitative Nonexperimental and Experimental Analyses*, Institute for Research on Poverty, University of Wisconsin-Madison (March 2002).

factors (e.g., an economic recession) may affect these outcomes and might also affect parental attitudes and behavior.

Below, we offer more detailed analyses of the impact of the child support passthrough on child support payments and order establishment.

Summary: Who's Receiving Child Support Passthrough?

Child support program participants who receive MFIP now receive separate checks for child support and MFIP.¹⁸ In 2001, 30.4% of the sampled IV-D cases receiving MFIP also received child support checks. The average amount passed through in any given month of MFIP receipt was \$178. Projecting this to the entire caseload suggests that there are more than 10,000 IV-

It is estimated that more than 10,000 IV-D/PA cases per year now have child support directly passed through to them. Passed-through child support averages \$178 in the month it occurs.

D/PA cases per year that now directly receive a child support payment. Nonetheless, as discussed in greater detail later, this does not translate into greater amounts of combined child support and MFIP income to custodial-parent families because Minnesota does not disregard child support received when calculating the MFIP grant amount. Essentially, each dollar received in child support leads to a one-dollar reduction in MFIP assistance.

Characteristics of IV-D Cases Receiving Passthrough

Exhibit IV-1 displays the characteristics of all of the sampled IV-D cases that received MFIP in the first year that passthrough was implemented (2001). It separates these IV-D/PA cases into three groups.

1. *IV-D/PA cases that received at least one passed-through child support payment (30.4% of all sampled IV-D cases receiving MFIP in 2001).* To be in this category, the case must have received at least one payment toward current child support in 2001, and in turn, that payment would have been passed through to the custodial-parent family.
2. *IV-D/PA cases with a child support order, but no payment toward current support was made, hence no child support was passed through (16.5% of all sampled IV-D cases receiving MFIP in 2001).* Cases in this category received no child support payments in 2001.
3. *IV-D/PA cases without a child support order (53.1% of all sampled IV-D cases receiving MFIP in 2001).* Because there is no child support order in these cases, no child support payments could be passed through.

¹⁸ As discussed in the terminology section of Chapter I, the term “checks” is used figuratively to describe the method by which parents receive MFIP cash assistance.



Only cases in the first category would have received passed-through child support. The distinction between categories 2 and 3 is that cases in category 2 have an established child support order (thus passthrough would apply if a collection was made). Cases in category 3 do not have child support orders and thus would not be subject to the passthrough policy until an order was established, and then only if the individual was still an MFIP recipient.

As shown in Exhibit IV-1, IV-D/PA cases that received passed-through child support shared many of the same characteristics of IV-D/PA cases that did not receive passed-through child support. Other characteristics of these two IV-D/PA groups differed. Furthermore, the two types of cases that did not receive passthrough exhibited differences (i.e., those cases with child support orders and no child support payments and those cases without child support orders differed in their characteristics). In addition, a few characteristics varied depending on whether the case had an order established. However, characteristics did not vary between ordered cases with and without child support payments. The exhibit highlights some of these similarities and differences.

Exhibit IV-1
Characteristics of IV-D/PA Cases Receiving and Not Receiving Child Support
Passthrough: First Year after Passthrough
(Percent of Cases)

	Cases Where Child Support Was Passed Through (n = 996)	Cases With Child Support Orders But No Payment (n = 542)	Cases Without Child Support Orders (n = 1,740)
Number of Children			
One Child	68.3%	70.3%	72.1%
Two Children	19.3%	17.5%	17.1%
Three Children	7.4%	7.7%	6.6%
Four or More Children	5.0%	4.5%	4.2%
Average Number of Children	1.5	1.5	1.5
Gender of the Custodial Parent			
Female	97.6%	98.3%	95.7%
Male	2.4%	1.7%	4.3%
Ethnicity and Race of the Custodial Parent			
White, Non-Hispanic	60.3%	42.6%	25.7%
African American	27.5%	38.9%	51.6%
Hispanic	0.8%	1.3%	1.3%
Asian/Pacific Islander	2.1%	1.8%	5.5%
American Indian	7.2%	13.8%	13.6%
Other	2.0%	1.5%	2.3%

	Cases Where Child Support Was Passed Through (n = 996)	Cases With Child Support Orders But No Payment (n = 542)	Cases Without Child Support Orders (n = 1,740)
Age of the Custodial Parent			
Less than 20 years	1.0%	1.7%	3.5%
20-29 years	38.5%	36.3%	38.2%
30-39 years	40.2%	40.2%	30.8%
40-49 years	13.7%	14.2%	14.6%
Over 49 years	6.7%	7.6%	13.0%
Average Age of the Custodial Parent	33.9	34.2	34.9
Age of the IV-D Case			
Less than 1 year	1.6%	1.7%	4.2%
1 – 2 years	25.5%	20.7%	29.0%
3 – 4 years	43.4%	46.7%	11.3%
5 or more years	28.4%	30.3%	4.9%
Missing	1.1%	0.7%	50.6%
Average Age of the IV-D Case	4.4	4.6	2.7
Months Counted Toward Time Limit			
Less than 12 months	4.9%	3.9%	7.8%
12-24 months	15.8%	11.4%	13.2%
25-36 months	23.4%	22.9%	18.6%
37-48 months	26.3%	26.0%	25.1%
More than 48 months	17.2%	22.7%	17.2%
Missing	12.4%	13.1%	18.2%
Average number of months counted toward time limit	35.3	37.8	35.0

- ✓ Similar characteristics included the number of children, gender of the custodial parent, and age of the custodial parent. All cases averaged the same number of children (1.5) and the vast majority of custodial parents were female (over 95% among all cases) regardless of whether they received any passed-through child support. Similarly, the age of the custodial parents averaged about 34 years for all groups.
- ✓ Custodial parents with passed-through child support payments were more likely to be white and non-Hispanic than those without passed through-child support payments. Over half (60.3%) of custodial parents with passed-through child support payments were white. Yet, among those without passed-through child support (i.e., those with no payment toward current support in 2001 and those with no order), there was a higher proportion of whites with orders (42.6%) compared to those without established orders (25.7%).

- ✓ Regardless of whether child support was passed through, cases with child support orders are older on average (4.4 to 4.6 years old depending on whether there was a child support payment) than those without orders (2.7 years old). On average, cases with passed through-child support payments and cases without orders had 35 months counted toward their time limit. Cases with orders but no child support payments averaged 38 months counted toward their time limit.

Child Support Payments after Passthrough

Exhibit IV-2 examines the amount of child support paid after passthrough implementation. It also includes information about the amount of child support due and the number of children in these cases. We examined these characteristics for all sampled IV-D/PA cases with passed-through child support. The study also examined two subgroups: those that received MFIP every month of 2001 and those that received MFIP for only part of 2001. These subgroups played an important role because many families only receive MFIP for a few months, whereas others receive it for longer time periods. Generally, those who received assistance for longer periods of time faced greater barriers and challenges to economic self-sufficiency.

We made several observations from the data presented in Exhibit IV-2.

- ✓ The average amount of child support paid in 2001 varied. Although the average payment was \$1,375 for the year, nearly one-third (28.9%) of the families received payments of less than \$500 (about \$42 per month) for the year and about one-quarter (24%) of the families received payments totaling more than \$2,000 (about \$167 per month) for the year.
- ✓ Cases that received MFIP for only part of 2001 averaged higher child support payments than cases that received MFIP for the entire year. Cases that received MFIP for part of the year averaged \$1,509 in annual child support, whereas cases that received MFIP the entire year averaged \$1,203 in annual child support. Although a difference in order amounts may explain some of the variance—the average amount of current child support due among cases that received MFIP part of the year was \$2,817 while cases that received MFIP only part of the year averaged \$2,379—a difference in the percent of current support paid also occurred. The compliance rates averaged 54.2% and 50.2%, respectively, among those who received MFIP part of the year and those receiving MFIP all of the year.
- ✓ The amount passed through differs from the total child support receipt among IV-D/PA cases that only received MFIP part of the year. As discussed earlier, the definition of “passed-through child support” is child support payments that are sent directly to custodial parents that the State would have retained prior to the policy change. Prior to passthrough, IV-D/PA cases received child support payments

directly in non-MFIP months. This policy has not changed, so the State does not count child support paid in these months as passed through although the family still receives the payments directly. Another way to view this is these cases now receive an average of \$859 per year more in direct child support payments because of passthrough. The total amount they receive is now \$1,509 per year. Prior to the policy change, they averaged \$650 per year in child support received directly in non-MFIP months, which is the difference between the total amount of child support paid on these cases (\$1,509) and the average passthrough amount (\$859). In contrast, all child support payments in IV-D/PA cases that received MFIP in every month of 2001 were counted as passed through because they would have received \$0 in child support payments directly without the new passthrough policy.

- ✓ There was no real difference in the number of months with child support payments among those receiving MFIP part of 2001 and those receiving MFIP all of 2001. Both groups received child support payments for an average of about seven months.

Exhibit IV-2
Child Support Payments and Order Amounts of Cases Receiving the
Passthrough in 2001
(Percent of Cases)

	All IV-D/PA Cases with Passthrough (n = 996)	IV-D/PA Cases Receiving MFIP only Part of 2001 (n = 560)	IV-D/PA Cases Receiving MFIP in Every Month of 2001 (n = 436)
Number of Children			
One Child	68.3%	69.1%	67.2%
Two Children	19.3%	18.0%	20.9%
Three Children	7.4%	7.5%	7.3%
Four or More Children	5.0%	5.4%	4.6%
Average Number of Children	1.5	1.5	1.5
Current Support Due in 2001 annual)			
\$ 1 - \$500	1.9%	1.4%	2.5%
\$501 - \$1,000	6.9%	5.5%	8.7%
\$1,001 - \$2,000	32.3%	30.5%	34.6%
\$2,001 - \$3,000	25.3%	25.2%	25.5%
\$3,001 - \$4,000	19.6%	20.2%	19.0%
\$4,001 or more	14.0%	17.3%	9.6%
Average Due in 2001	\$2,625.16	\$2,816.78	\$2,379.05



	All IV-D/PA Cases with Passthrough (n = 996)	IV-D/PA Cases Receiving MFIP only Part of 2001 (n = 560)	IV-D/PA Cases Receiving MFIP in Every Month of 2001 (n = 436)
Payments Received in 2001 (annual)			
\$ 1 - \$500	28.9%	25.0%	33.9%
\$501 - \$1,000	18.4%	17.9%	19.3%
\$1,001 - \$2,000	28.3%	28.9%	27.5%
\$2,001 - \$3,000	14.1%	15.0%	12.8%
\$3,001 - \$4,000	6.2%	8.2%	3.7%
\$4,001 or more	4.0%	5.0%	2.8%
Average Paid in 2001	\$1,375.12	\$1,509.17	\$1,202.94 ^a
Passed Through Child Support in 2001			
\$ 1 - \$500	38.9%	45.9%	33.4%
\$501 - \$1,000	22.7%	25.0%	20.3%
\$1,001 - \$2,000	24.6%	21.8%	27.6%
\$2,001 - \$3,000	8.2%	5.9%	10.8%
\$3,001 - \$4,000	4.0%	2.9%	5.1%
\$4,001 or more	1.0%	0.4%	2.8%
Average Passthrough in 2001	\$1,021.41	\$858.53	\$1,200.03 ^a
Percent of Current Support Paid			
1-25%	27.1%	24.5%	30.5%
26-50%	20.5%	20.0%	21.1%
51-75%	23.5%	26.1%	20.2%
76-99%	26.5%	27.3%	25.5%
100% or more	2.4%	2.1%	2.8%
Average Percent of Current Support Paid	52.5%	54.2%	50.2%
Number of Months in 2001 with a Child Support Payment			
1-3 months	23.9%	22.3%	25.9%
4-6 months	19.0%	18.2%	20.0%
7-9 months	19.5%	20.7%	17.9%
10-11 months	15.4%	16.6%	13.8%
12 months	22.3%	22.1%	22.5%
Average number of months	7.3	7.5	7.1
Number of MFIP Months in 2001			
1-3 months	12.1%	21.6%	0%
4-6 months	15.2%	27.0%	0%
7-9 months	15.2%	27.0%	0%
10-11 months	13.8%	24.5%	0%
12 months	43.8%	0%	100%
Average number of months	8.9	6.5	12.0

There is a few dollars difference in these averages because of retrospective budgeting. Child support paid is measured in calendar year 2001, whereas the months considered for retrospective budgeting are November 2000 through October 2001.

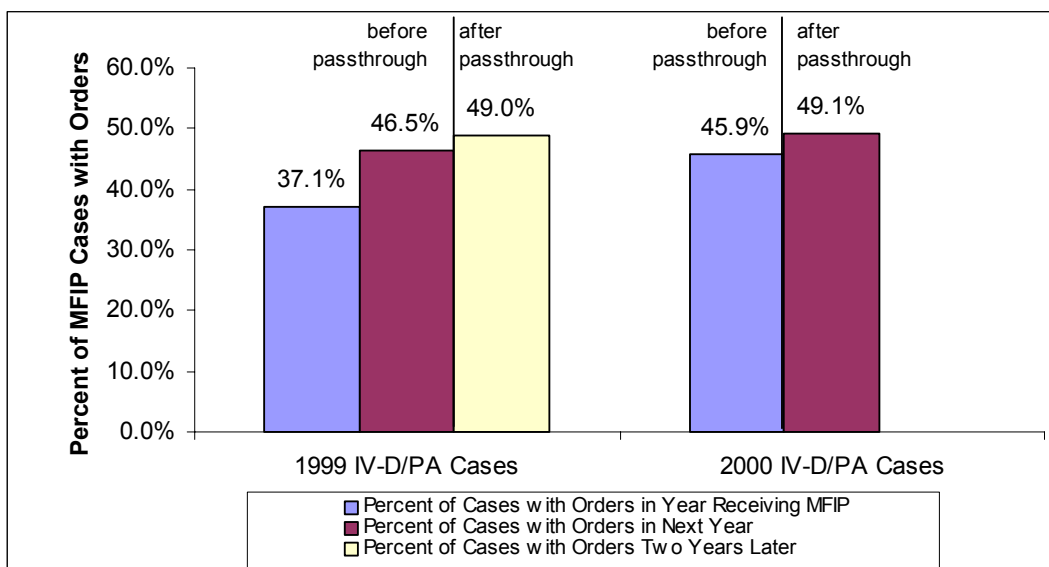
Pre/Post Comparison of Order Establishment

There was no significant change in order establishment from the year prior to the year after passthrough implementation

When the State implemented passthrough on January 1, 2001, 45.9% of the 2000 IV-D/PA cases (i.e., those that received MFIP anytime in 2000) had a child support order established. As of December 31, 2001, a year after passthrough implementation, 49.1% of those same cases had established child support orders. In effect, order establishment increased 3.2 percentage points after passthrough implementation. However, it does not appear that passthrough caused the increase in order establishments.

As time elapses, a child support order is more likely to be established simply because there is more time to work the case. The data presented in Exhibit IV-3 suggest that the increase in order establishment was a byproduct of time rather than attributable to passthrough. Exhibit IV-3 shows a similar increase in the percentage of IV-D/PA cases with orders prior to passthrough. More than one-third (37.1%) of the 1999 IV-D/PA cases (i.e., those that received MFIP anytime in 1999) had child support orders. In 2000, 46.5% of the 1999 IV-D/PA cases had orders. In effect, order establishment increased 9.4 percentage points, which is greater than the 3.2 percentage point increase after passthrough implementation. Furthermore, by the following year (2001), 49.0% of the 1999 IV-D/PA cases had orders, which is similar to the percentage of 2000 IV-D/PA cases with orders in 2001.

Exhibit IV-3
Increases in Order Establishments





Pre/Post Comparison of Amount of Child Support Paid

The average amount of child support paid in the year prior to passthrough (2000) and the year after passthrough (2001) did not increase. The average amount of child support paid in 2000 IV-D/PA cases was \$1,365 for the entire year. The average amount of child support paid in 2001 IV-D/PA cases was \$1,375 for the entire year.

Pre/Post Comparison of Percent of Paying Cases

The analysis of the administrative data showed no increase in the percent of cases with child support payments among IV-D/PA cases with child support orders in the years prior to and after passthrough implementation (2000 to 2001). In fact, on average, the proportion of paying cases decreased over this time period. The percent of current IV-D/PA cases with child support orders that received a payment anytime in the calendar year averaged 69.1% in 2000 and 62.4% in 2001, the year after passthrough implementation.

The average amount of child support paid did not increase from the year prior to the year after passthrough implementation.

As evident in Exhibit IV-4, this decrease in percent of paying cases probably reflected the economic recession that began in March 2001. As unemployment increases, fewer noncustodial parents will be employed, which eliminates earnings and an employer to withhold child support payments from wages. Monthly passthrough monitoring reports maintained by the Minnesota Child Support Enforcement Division indicated that income withholding accounted for approximately 80% of child support passed through to IV-D/PA families.¹⁹

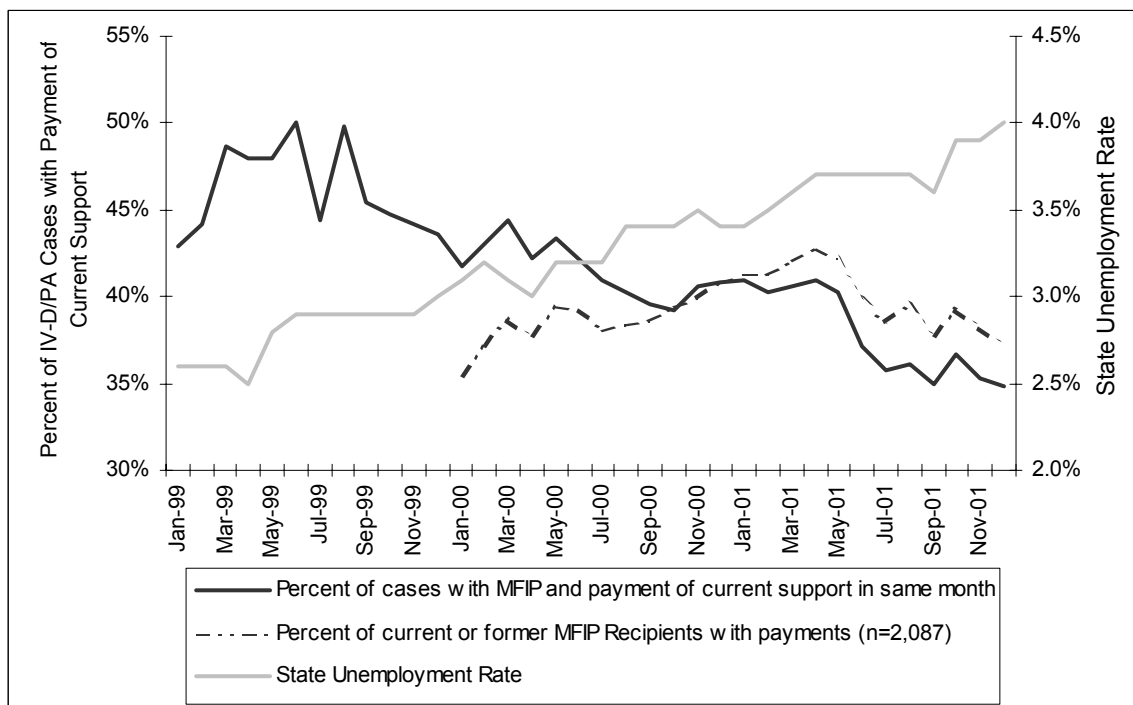
The percent of paying cases decreased from the year prior to passthrough to the year after passthrough. This is most likely a result of the economic recession than

Exhibit IV-4 shows the percent of IV-D cases with child support orders that received MFIP and a child support payment in the same month from January 1999 to December 2001. It shows the percent of paying cases reached nearly 50% in mid 1999, declined throughout 2000, and fell dramatically after May 2001, shortly after the economic recession began.²⁰ After May 2001, the percent of current IV-D/PA cases with child support payment averaged about 36.9% per month. Exhibit IV-3 also shows the Minnesota unemployment rate, which gradually increased from about 2.5% in mid-1999 to 4.0% in December 2001, when it reached its three-year high.

¹⁹ State of Minnesota: Department of Human Services, Child Support Enforcement Division, *Report V5FFWNO2* (January 2001 – December 2001).

²⁰ The percentage of paying cases in any given month is less than that the percentage paying over the course of the year because payments are not received in every month.

Exhibit IV-4 Percent of IV-D/PA Cases with Child Support Orders Receiving MFIP and Child Support



In addition, Exhibit IV-4 displays the percent of paying cases among IV-D cases with child support orders that received MFIP currently or recently (i.e., any month of 2000 or 2001).²¹ This offers another way to examine changes in the percent of paying cases. The first trend line we examined is limited IV-D cases currently receiving MFIP, which is arguably a biased measure as the number of IV-D cases receiving MFIP is likely to also increase during an economic recession. Nonetheless, the lines depicting percent of paying cases among IV-D cases with orders show the same trends regardless of whether they (a) currently received MFIP or (b) currently or formerly received MFIP once the economic recession began in 2001.

In summary, Exhibit IV-4 shows no increase in the percent of paying cases in the first year after passthrough was implemented. Instead, it suggests that the percent of paying cases tracks the unemployment rate, but in an opposite direction; that is, as unemployment increases, the percent of paying cases decreases. This could suggest that passthrough had no effect on the percent of paying cases or that any specific effect is overshadowed by the economic recession.

²¹ This analysis starts with 2000 because 1999 data is only available for the Wave 1 sample. If the analysis was extended to 1999, the comparable IV-D cases with current or previous MFIP receipt would be those receiving MFIP in 1999, 2000 or 2001, but 1999 MFIP status data is not available for the Wave 2 sample.

4. IMPACT ON MFIP

This section examines the impact of the passthrough policy on MFIP receipt. The four key issues pertaining to MFIP receipt are:

The impact of passthrough on MFIP grant amounts. Minnesota's passthrough policy does not include a disregard for the purposes of determining MFIP grant amounts, so there is a dollar-for-dollar reduction of the MFIP grant for each dollar of child support passed through. Therefore, the average amount of MFIP grants should have been lower after the passthrough policy was implemented.

The impact of passthrough on months counted toward time limits. Minnesota combines TANF and Food Stamps in a unified MFIP grant. Thus, the MFIP grant amount has two portions: the cash portion funded through TANF and the food portion. In determining the composition of the MFIP grant, the State pays the food portion first, then the MFIP cash assistance. Because MFIP is partially funded through TANF, most of its participants are subject to the TANF 60-month time limit. The State counts a month toward the time limit only if the family receives MFIP cash assistance. Since passed-through child support reduces the MFIP grant, there are some cases where the MFIP grant is reduced to a level where there is no longer any MFIP cash assistance. Also, an individual MFIP recipient may choose not to receive cash assistance if the child support they receive would significantly reduce the cash portion of the grant. If either scenario occurs, that month would not be counted toward the TANF time limit.

The impact of passthrough on MFIP exits. One hypothesis of the Wisconsin passthrough experiment was that increases in child support would have secondary effects, such as increasing the incentives for TANF recipients to find work and exit TANF. However, in Minnesota the data did not show an increase in child support payments in the first year following passthrough implementation. Therefore, we believe it is unreasonable to anticipate these secondary effects would also occur during this time. Nonetheless, the study examined this issue.

The extent and magnitude of the effect on family budgets as a result of irregular child support payments coupled with retrospective budgeting. As discussed in Chapter II, there was some concern that MFIP recipients would experience dramatic variations in their monthly family budgets because of inconsistent, and sometimes late, child support payments. Under the passthrough policy, the State adjusts MFIP grant amounts to reflect child support receipts two months prior. As a result, a family's combined MFIP and child support income could vary from month to month if the amount of child support paid was not consistent or if payments were not received on a regular basis.

Pre-Post Comparison of the Amount of the MFIP Grant

As discussed earlier, the average MFIP grant amount should have decreased in the time period following implementation because the MFIP grant calculation does not have a disregard of child support. Exhibit IV-5 verifies that the average MFIP grant amount decreased. The amount decreased from an average of \$5,866 per year in 2000, the year prior to passthrough, to an average of \$4,948 per year in 2001, the first full year of passthrough.

Exhibit IV-5 also shows a small difference occurred when the MFIP grant was combined with the amount of passed-through child support. The combined amount averaged \$5,866 per 2000 MFIP case with a child support payment. (Note: The combined amount is the same as the MFIP amount in 2000 because there was no passthrough during that time.) The combined amount averaged \$5,970 per 2001 case with the amount of child support passed through. The difference between the combined amounts, \$104 per year, is negligible and most likely represents small increases in the MFIP grant amounts from 2000 to 2001.²²

Exhibit IV-5
MFIP Grants and Child Support Payments among
IV-D/PA Cases Receiving Passthrough

	Year Prior to Passthrough (2000) (n=1,347)	Year after Passthrough (2001) (n=996)
Total Amount of MFIP Grant Received in Year		
\$ 0 - \$1,000	8.8%	9.0%
\$1,001 - \$2,500	9.7%	15.9%
\$2,501 - \$5,000	26.0%	30.9%
\$5,001 - \$7,500	23.5%	23.3%
\$7,501 - \$10,000	20.4%	13.4%
More than \$10,000	11.7%	7.5%
Average Grant	\$5,865.83	\$4,948.12
Total Child Support Due (annual)		
\$ 1 - \$500	2.8%	1.9%
\$501 - \$1,000	7.9%	6.9%
\$1,001 - \$2,000	32.8%	32.3%
\$2,001 - \$3,000	23.7%	25.3%
\$3,001 - \$4,000	17.9%	19.6%
\$4,001 or more	14.9%	14.0%
Average Due in Year	\$2552.76	\$2625.16

²² MFIP grant amounts increased by about five percent from January 2000 (the first study month) to December 2001 (the last month). The exact percentage increase varied slightly by family size.

	Year Prior to Passthrough (2000) (n=1,347)	Year after Passthrough (2001) (n=996)
Total Child Support Paid (annual)		
\$ 1 - \$500	31.2%	28.9%
\$501 - \$1,000	18.9%	18.4%
\$1,001 - \$2,000	24.7%	28.3%
\$2,001 - \$3,000	13.7%	14.1%
\$3,001 - \$4,000	7.6%	6.2%
\$4,001 or more	4.0%	4.0%
Average Paid in Year	\$1,365.01	\$1,375.12
Percent of Current Support Paid		
1-25%	29.0%	27.1%
26-50%	18.9%	20.5%
51-75%	20.3%	23.5%
76-99%	24.4%	26.5%
100% or more	7.3%	2.4%
Average Percent of Current Support Paid	52.8%	52.5%
AMOUNT OF CHILD SUPPORT PASSED THROUGH	\$0	\$1,021.41
SUM OF MFIP AND CHILD SUPPORT PASSTHROUGH	\$5,865.83	\$5,969.53
Number of Months with a child support payment		
1-3 months	26.7%	23.9%
4-6 months	19.2%	19.0%
7-9 months	19.4%	19.5%
10-11 months	12.9%	15.4%
12 months	21.8%	22.3%
Average number of months	7.0	7.3
Number of Months Receiving MFIP and Child Support		
0-3 months	42.1%	40.3%
4-6 months	22.0%	22.8%
7-9 months	17.5%	17.0%
10-11 months	8.8%	9.8%
12 months	9.6%	9.8%
Average number of months	5.2	5.3

As an aside, based on the information provided in Exhibit IV-5, child support payments accounted for about 17% of family income. However, if the full amount due were paid, child support would account for about 44% of family income and would dramatically alter the composition of family income. This would likely facilitate increased exit rates for MFIP recipients who have fully paid child support orders.

Reduction in Number of Months Counted toward TANF Time Limit

As discussed earlier, the MFIP grant comprises two portions: MFIP cash assistance and the food share (i.e., portion from Food Stamps). The State pays the food portion first, then MFIP cash assistance. The MFIP standard grant in July 2001 totaled \$641 for a family of two. This is, in effect, the maximum MFIP grant amount possible for a family of this size. The \$641 grant included \$437 in MFIP cash and \$204 in the food share allotment. Months in which MFIP grants are larger than the food portion alone are counted toward the TANF time limit because the family also receives MFIP cash assistance that month.

The following example illustrates how passthrough could help families extend their months counted toward the TANF time limit. For this example we consider a two-person family with no earned income and assume that the family has received regular child support payments of \$450 per month before and after passthrough. As shown in Exhibit IV-6, before passthrough the family would have received a total of \$641 in MFIP per month. This breaks down to \$437 in MFIP cash and \$204 in MFIP food shares, with the State retaining the \$450 in child support collections. The month counts toward the TANF time limit because the family received MFIP cash as part of their grant.

After passthrough, the State subtracts the \$450 child support payment (which was sent directly to the family) from the \$641 MFIP grant and the family receives \$191 in MFIP, all of it from the MFIP food share. Because the grant did not include any MFIP cash assistance, the month does not count toward the TANF time limit. The family also did not receive any less money. Before passthrough their grant totaled \$641. Their total after passthrough also comes to \$641 (\$191 from MFIP food share and \$450 in child support payments). When increases in earnings are combined with passed-through child support payments, it could be enough to make the family ineligible for all MFIP, including the food share portion.

It is difficult to measure the number of cases that extended their TANF time limit solely because of passthrough. A case may shift from MFIP cash assistance to non-MFIP cash assistance for a number of other reasons, such as increased earnings. Consequently, it would be erroneous to attribute all months saved because of case status changes to the passthrough policy. To analyze this properly would require information such as the reason for case status changes, but we could not collect information of this depth from administrative data.²³ Another way to determine the reasons for shifting to non-MFIP cash assistance would be to examine closed cases or cases receiving the food share

²³ One of the key pieces of missing information needed for this analysis is change in earnings. Earnings information is not captured by MAXIS when there is no assistance.



allotment only and then determine whether the case would be eligible for MFIP cash assistance if the State were to retain child support receipts. This approach would also require knowledge of earned income because the State considers it when calculating MFIP grants. However, we could not capture earned income information for all of these cases in the data extract.

Exhibit IV-6
Illustration of How Passthrough Can Cause a Month of Assistance to
No Longer Count toward the Time Limit: Family of Two

	Before Passthrough	After Passthrough
<i>Budgeting Month (Two Months before Current Month)^a</i>		
1. Earned Income in Budgeting Month	\$0	\$0
2. Child Support Payment in Budgeting Month	\$450	\$450
<i>Current Month^a</i>		
3. Earned Income in Current Month	\$0	\$0
4. Child Support Payment in Current Month	\$450	\$450
Total Assistance in Current Month (5a + 5b)	\$641	\$191
a. MFIP cash	\$437	\$0
b. MFIP food share	\$204	\$191
6. Child Support Passed Through to Family in Current Month	\$0	\$450
7. Child Support Retained by State in Current Month	\$450	\$0
8. Total Family Budget in Current Month (Line 3 + Line 5 + Line 6)	\$641	\$641
9. Did current month count toward time limit?	YES, because there was cash assistance (Line 5a = \$437)	NO, because there was no cash assistance (Line 5a = \$0)

^aThe budgeting month is two months prior to the month for which the MFIP grant is being determined. For example, if the current month is July, the budget month would be May. Earnings and child support received in the budgeting month are used to calculate the benefit amount in the current month.

By using other data reports, State administrators have developed estimates of the proportion of MFIP cases that received passthrough and that closed or MFIP-food shares only within two months of receiving passthrough child support collections.²⁴ These data indicate that about 18% of the cases with passed-through child support were closed or received only the food share in the second month after receiving the child support payment (the retrospective budgeting month). Although State administrators recognize that some of these cases may have left MFIP cash assistance because of increased earnings or other factors, they also believe that passthrough played a role in some of these cases. Exhibit IV-6 illustrates these reasons. Essentially, these cases saved a month counted toward their TANF time limit and it is likely that the passthrough policy contributed to this result.

²⁴ Dana K. McKenzie, Manager of Policy and Planning, Minnesota Child Support Enforcement Division. Presentation to Minnesota MFIP Conference (June 2000)

Pre/Post Comparison of MFIP Exits

Advocates of the child support passthrough policy hypothesized that the policy would primarily increase child support payments, with the secondary effect of increased exit rates of custodial-parent families from MFIP. However, as shown earlier, child support payments did not increase. Instead, the data show a small decrease in the percent of paying cases most likely caused by the economic recession. Because the hypothesized positive child support outcomes did not materialize, we expect the secondary effects will not occur; specifically, an increase in MFIP exits. In fact, MFIP exits may decrease because fewer cases may receive child support and there may be fewer employment opportunities for MFIP recipients because of the economic recession.

Exhibit IV-7 shows a modest decrease in the MFIP exit rate in 2001. The 2000 exit rate was 33%.²⁵ The 2001 exit rate was 27%, 6 percentage points less than the previous year. We hypothesize that the economic recession caused the exit rate decline.

Exhibit IV-7 MFIP Leavers and Stayers Among IV-D Cases With Child Support Orders: Before and After Passthrough

Exited M FIP for at least one year 33%		Stayed on M FIP 67%	Exited M FIP for at least one year 27%		Stayed on M FIP 73%
N = 1,205			N = 1,949		
Before 100% Passthrough Implemented			After 100% Passthrough Implemented		

²⁵ The exit rate was measured using several criteria. First, MFIP must have been received in the year prior (i.e., the 2000 exit rate is based on cases receiving MFIP in 1999 and the 2001 exit rate is based on cases receiving MFIP in 2000). The case is considered an “exit” or an “MFIP leaver” if it does not receive MFIP for all of the calendar year. The case is considered an “MFIP stayer” if it MFIP is received in any month of the calendar year.

Impact of Retrospective Budgeting

With retrospective budgeting, child support payments do not reduce MFIP grant amounts until two months after the child support is received. This may cause significant variations in monthly family budgets, especially when child support amounts fluctuate or are paid irregularly. Exhibit IV-8 illustrates this point. It shows a hypothetical case where the child support payment ranges from \$0 to \$100 per month. Prior to passthrough, the family would have received a monthly MFIP grant of \$641 per month. The State would have retained all child support payments. Passthrough and retrospective budgeting, however, cause the MFIP grant to vary from \$541 to \$641 per month. When the MFIP grant is combined with child support that is passed through, the monthly total income ranges from \$541 to \$741 per month. This causes a variance in household income that is twice the difference between the highest and lowest monthly child support payments.

Exhibit IV-8

Illustration of the Impact on Retrospective Budgeting on Family Income (Custodial parent with one child, no earnings)

		Before Passthrough (before January 1, 2001)		After Passthrough (after January 1, 2001)		
	(Col. 1) Current Support Paid	(Col. 2) Child Support Retained by State	(Col. 3) MFIP Grant ^a (Total Amount Received by Family)	(Col. 4) Child Support Included in Calculation of MFIP Grant ^b	(Col. 5) 2001 MFIP Grant ^a	(Col. 6) Total Amount Received by Family [Col. 1 + Col 5]
Month 1	\$100	\$100	\$641	\$ 0	\$641	\$741
Month 2	\$100	\$100	\$641	\$ 0	\$641	\$741
Month 3	\$ 0	\$ 0	\$641	\$100	\$541	\$541
Month 4	\$ 0	\$ 0	\$641	\$100	\$541	\$541
Month 5	\$ 0	\$ 0	\$641	\$ 0	\$641	\$641

^a The MFIP grant is based on the standards effective in July 2001.

^b Assumes the child support payment in previous months was \$0.

Many factors may cause irregular child support payments. Noncustodial parents can become unemployed or vary the amounts of their monthly payments. Monthly variations can also occur in cases with income withholding. If a noncustodial parent is paid weekly or bi-weekly and the number of paydays varies from month to month, the amount of child support paid also varies from month to month. Furthermore, a lag in income withholding payments can occur when noncustodial parents change employers.

Exhibit IV-9 shows that almost all (97.6%) of the IV-D/PA cases with child support payments experienced some variation in child support payments in the first year of passthrough (2001). In fact, in any three-month retrospective budgeting cycle, more than half (56.1%) of the cases experienced a variation caused by irregular child support

payments. The percent of 2001 IV-D/PA cases with irregular payments ranged from 53.3% to 61.0% in all of the retrospective budgeting cycles. The highest percentage occurred in the April through June budget cycle with the lowest percentage in the August through October budget cycle.

Exhibit IV-9 Passthrough Cases with Irregular Monthly Income Caused by Retrospective Budgeting^a

	2000 IV-D/PA Cases with Payments (n =1,347)	2001 IV-D/PA Cases with Payments (n = 996)
Percent of Cases with Irregular Child Support Payments ^b	97.6%	97.6%
Difference in Monthly Child Support Payments		
• Average Difference	\$136	\$132
• Median Difference	\$107	\$106
• Maximum Difference	\$1,137	\$1,601
Average dollar variation among cases in budget cycles with irregular child support payments (% of cases with irregular child support payments)		
\$25 or Less	4.3%	3.6%
\$26 - \$50	10.4%	10.0%
\$51 - \$75	12.5%	13.1%
\$76 - \$100	14.2%	14.0%
\$101 - \$150	24.3%	26.4%
\$151 - \$200	13.7%	15.0%
\$201 - \$250	9.4%	8.6%
More than \$250	11.3%	9.3%

^a Three-month periods are examined because beginning January 1, 2001. MFIP grants are determined based on income (i.e., earnings, current child support received, and other income) received two months prior. In effect, if child support is consistent for two months, but not received in the third month, the MFIP family could experience a budget crunch because they had anticipated the regular amount of child support receipt in the third month and the MFIP grant will not reflect the \$0 payment in the third month for two more months.

^bThe payment is considered irregular if it varies by more than \$10 within a three month period.

Retrospective budgeting, combined with passthrough in cases with irregular child support payment, will, on average, cause a \$264 difference in the family budget from month-to-month.

Exhibit IV-9 also shows the difference in monthly child support payments in the retrospective budget cycle averaged \$132 in 2001. As discussed earlier, the combined total of the passed-through child support and the MFIP grant amount varies by twice that amount, or \$264.

This is a relatively large income variation for a low-income family. Exhibit IV-9 also shows that in 2001, the maximum difference in child support payments within a budget cycle totaled \$1,601. (In this particular case, the monthly support order was almost equal to that amount.) As a consequence, families with high child support orders could stay off MFIP if they receive full child support payments, but missed or late payments can

cause a family to resume receiving MFIP. These types of cases are unusual. As shown in Exhibit IV-9, in 2001 only 9.3% of the cases show a difference of \$250 or more in monthly payments within a retrospective budget cycle. Only 0.8% showed differences greater than \$500, and 0.1% had differences that totaled more than \$1,000. As shown in Exhibit IV-9, the median difference totaled \$106 in 2001, with half of the cases above this amount and half below. This amounts to a \$212 variation in family budgets.

Exhibit IV-9 also shows the comparable results for 2000. In general, there was no difference in the patterns between 2000 and 2001. The portion of cases showing irregular payments was the same in 2000 and 2001. From this data we concluded that it is unlikely the passthrough policy caused child support payments to be either more regular or irregular.

5. IMPACT ON OTHER PUBLIC ASSISTANCE

Previous sections of this report include information on the possible impacts passthrough may have on other types of public assistance. These impacts include:

- ✓ *Housing assistance.* As discussed in Chapter II, the calculation of housing subsidies disregards any MFIP cash assistance received, but not child support received. Any child support passthrough is treated like earned income and reduces the housing subsidy by 30 cents for every dollar of child support received. Thus, the child support passthrough may reduce the amount of the housing subsidy.
- ✓ *Emergency assistance.* As discussed in Chapter III, focus group participants speculated that passthrough might make the custodial parent more likely to seek emergency assistance. However, the same chapter also shows that custodial parents who responded to the survey reported that the passthrough did not increase their use of emergency assistance.

Unfortunately, the MAXIS system does not include data about participation in housing assistance programs, so this report does not include the effect of the passthrough policy on housing assistance. However, the MAXIS system does include information about emergency assistance. We provide an analysis of passthrough on emergency assistance next.

Emergency Assistance

Emergency assistance targets families with emergencies such as an eviction, utility shut-off, moving expenses, and other unanticipated situations. In general, families can use emergency assistance only once in 12 months. The amount of emergency assistance

available depends on the costs of resolving the emergency and the family's ability to pay for the emergency.

The emergency assistance caseload increased from the year before passthrough implementation (2000) to the year after passthrough (2001). The caseload increased by 28%, from a monthly average of 1,555 cases-per-month in 2000 to an average of 1,988 cases-per-month in 2001. It is likely the economic recession caused some of the increase.

To explore whether passthrough contributed to the increase, we compared the proportion of IV-D/PA cases with child support orders that received emergency assistance in 2000 to the comparable proportion in 2001. (We considered cases with child support orders because they were subject to the passthrough policy change.) In our sample, 429 IV-D/PA cases with child support orders received emergency assistance in 2000. In 2001, 450 sampled IV-D PA cases with child support orders received public assistance. This represents an increase of 5% in emergency assistance among those eligible for passthrough. Because the increase among those eligible for passthrough was much lower than the overall increase in emergency assistance, we find it doubtful that passthrough contributed much to the overall increase in the emergency assistance caseload.

6. COST ANALYSIS

The cost analysis for the child support passthrough policy contains three components:

- ✓ IV-D/PA families;
- ✓ The State of Minnesota; and
- ✓ The Federal government.

We provide an overview of these three components first. We then estimate the costs under passthrough and compare them to what they would be if passthrough were not implemented.

Financial Costs to MFIP Families Are Neutral

Under passthrough, every \$1 in child support received by a family decreases their MFIP grant by \$1. However, the 100% passthrough of child support offsets this reduction in the MFIP grant calculation. When totaled, the amount of child support passed through added to the amount of the reduced MFIP grant equals the amount of the MFIP grant prior to passthrough. As a result, the study found that passthrough implementation had a neutral cost impact on qualifying families.

It is not possible, though, to quantify the psychological costs that may result from fluctuating family incomes caused by irregular child support payments and retrospective

budgeting. We believe these factors should not be discounted when considering the overall cost and impact of the passthrough policy.

One factor not considered in this analysis is subsidized housing. As mentioned in Chapter II, when calculating housing subsidy amounts, child support income and MFIP grant amounts face different disregarded rates. Unfortunately, we were unable to obtain data to analyze this impact.

Costs to State and Savings to Federal Government

Determining the costs of the passthrough policy to the State and Federal governments is complex for three reasons, which are discussed below. We follow this discussion with an analysis of their net effects in projecting the overall cost of Minnesota's passthrough policy.

- ✓ *Federal Share of Retained Collections.* The State must pay the Federal government a share of all child support collected on behalf of families that receive public assistance (i.e., MFIP cash assistance in Minnesota). The Federal government requires all states to make this payment as a condition to receive federal IV-D (child support program) funding. A state's Medicaid Federal Financial Participation (Medicaid FFP) rate determines the federal share of child support collections for TANF recipients, which in Minnesota was 51.2% in FFY2000 and is 50.28% in FFY2001.
- ✓ *The total MFIP grant combines Food Stamps and TANF assistance.* The total MFIP grant consists of Food Stamps (primarily funded with federal dollars) and cash assistance paid with State and federal TANF funds. Recipients receive the food share allotment first. Cash assistance is then added to the food share allotment to reach the MFIP grant amount for which a family is eligible. When a family or person is ineligible for federal Food Stamps, the state uses its own funds to provide the benefit. The federal government funds 100% of the Federal Food Stamps program. The State funds 100% of the State Food Stamps program. The State and federal governments fund the cash assistance portion of the MFIP grant at varying levels, as is described next.
- ✓ *The Federal/State Mix of the Cash Portion of the MFIP Grant.* TANF does not set a fixed Federal/State split of program expenditures. TANF requires states to maintain a certain level of overall spending (known as "Maintenance of Effort" or MOE) that relates to a state's level of pre-welfare reform funding for AFDC and related programs. Spending in a variety of programs can count toward a state's MOE spending requirement. For example, funds can be used to help finance bus tokens for transportation to and from job interviews, work-related child care programs, employment assistance for noncustodial parents, and many other programs.

The MOE dollars fund many initiatives that also receive other funding streams, so changes in the composition of state programs funded under MOE can affect how much of the cash portion of MFIP is funded through the MOE dollars. For example, most recently, the State directed more of the MOE spending toward child care. In turn, this reduced the State share of the cash portion of the MFIP grant. In SFY2001, the federal/State mix was approximately 43.5/56.5%. In SFY2002, the federal/State mix was approximately 38.0% (62.0/38.0).²⁶

- ✓ *Federal Performance Incentives.* The federal government offers incentive payments to states that increase performance in various areas of child support enforcement, such as paternity establishment, percent of cases paying toward current support, and percent of current support paid. Had the passthrough policy enhanced Minnesota's performance in these areas, this could have offset some of the State's cost for the program by increasing the amount of federal incentive payments the state would receive. However, the analyses conducted for this report suggest that passthrough will not significantly enhance the state's performance in the measured areas.

Retained Collections

Prior to passthrough, the State retained all collections toward child support obligations for MFIP recipients.²⁷ The federal and State governments shared the retained collections to offset welfare-related expenditures. However, because of passthrough, the State no longer retains collections and pays the federal share with other state resources.²⁸ In 2001, the State calculated the total amount of child support passed through was \$15,197,169.²⁹ Exhibit IV-10, which estimates the cost of passthrough, shows this in Line 2. The State also calculated that the federal share totaled \$7,724,737, which appears as a negative amount in the "Federal Cost" column of Exhibit IV-10 (a negative cost is an offset in governmental accounting). Because the State has to pay this amount, it appears as a cost to the State in the "State Costs" column.

In addition, the State foregoes its share of retained collections under the passthrough policy. As evident in Exhibit IV-10, the State would have retained \$7,472,433 in collections without passthrough. As is indicated in Exhibit IV-10, the State foregoes all passed-through funds (\$15,197,169) because it has to pay the federal government its share and distribute the State's share of retained collections to MFIP families. The federal government, as evident in Exhibit IV-10, does not experience a change in its

²⁶ These are estimates provided by Dr. Shawn Welch, Assistant Director, Reports and Forecasts Division, Minnesota Department of Human Services (personal communication April 25, 2002).

²⁷ Distribution of past-due support is much more complex. It is not addressed in this study because passthrough only applies to current support.

²⁸ The state share could be counted as MOE if the amount is disregarded in calculating the type and amount of assistance benefit provided.

²⁹ MAPS F274 and F275 report.



share of retained collections. This amount remains the same regardless of whether there is a passthrough at the State level.

Exhibit IV-10 Estimated Costs of Passthrough^a

Estimated Costs <u>with</u> Passthrough	Received by Custodial Parent Family	State Costs	Federal Costs
1. MFIP Outlays to Cases with Passthrough	\$41,792,215	\$17,462,786	\$24,329,429
a. Federal Food Share of MFIP Outlays	\$20,620,941	\$0	\$20,620,941
b. State Food Share of MFIP Outlays	\$131,499	\$131,499	\$0
c. Cash Portion of MFIP Outlays ^b	\$21,039,775	\$17,331,287	\$3,708,488
2. Child Support Passed Through	\$15,197,169		
3. Federal Share of Child Support Passthrough		\$7,724,737	(\$7,724,737)
4. State and Federal Costs (Line 1 + Line 3)		\$25,187,523	\$16,604,692
5. Total Amount to Families (Line 1 + Line 2)	\$56,989,384		
Estimated Costs <u>without</u> Passthrough	Received by Custodial Parent Family	State Costs	Federal Costs
6. MFIP Outlays MFIP <u>without</u> Passthrough	\$56,989,384	\$17,462,786	\$39,526,598
a. Federal Food Share of MFIP Outlays	\$20,620,941	\$0	\$20,620,941
b. State Food Share of MFIP Outlays	\$131,499	\$131,499	\$0
c. Cash Portion of MFIP Outlays ^c	\$36,236,944	\$17,331,287	\$18,905,657
7. Child Support Passed Through	\$0		
8. Retained Child Support Collections		(\$7,472,433)	(\$7,724,737)
9. State and Federal Costs (Line 6 + Line 8)		\$9,990,353	\$31,801,861
10. Total Amount to Families (Line 6 + Line 7)	\$42,214,740		
NET COSTS OF PASSTHROUGH	Received by Custodial Parent Family	State Costs	Federal Costs
11. Costs to State and Federal Government (Line 4 – Line 9)		\$15,197,169	(\$15,197,169)
12. Costs to Families (Line 5 – Line 10)	\$0		

^aEstimated costs are calculated using multiple data sources. Actual passed-through child support amount recorded by the State of Minnesota (MAPS Report F274 and F275) is used for the passthrough amount (Line 2) along with the federal and State share (Line 8). MFIP grant amounts are based on cases with passed through child support in the data extracts (Lines 1 and 6). Since the data extract was only a sample of all cases, it is projected to the entire caseload and calibrated using the actual amount of passed-through child support.

^bAlthough total MFIP outlays decrease due the passthrough, the State must maintain the same level of MFIP cash outlays (\$17,331,287), which are shown in the “State” column of rows 6c. The State’s MFIP cash outlays remain the same because it is part of the State Maintenance of Effort (MOE) required by PRWPORA. If the State-funded portion of MFIP cash outlays was reduced, the MOE-eligible expenditures for another eligible program (e.g., child care) would need to be increased by an equivalent amount.

^cThe federal and State mix of TANF funding varies and is difficult to measure since devolution. Estimated ratios were provided by Dr. Shawn Welch, Assistant Director, Reports and Forecasts Division, Minnesota Department of Human Services, (personal communication, April 25, 2002). The State/federal share is estimated at 56.5%/43.5% in SY2001 and 38.0%/62.0% in SY2002.

Cash Portion of MFIP

Reductions in MFIP grant amounts as a result of passed-through child support have reduced MFIP costs. In fact, Exhibit IV-10 shows that the “Cash Portion of MFIP Outlays” is less under passthrough than it would be without the passthrough policy (Line 1c compared to Line 6c). The difference is the passed-through child support (Line 2). The federal government realizes all of the lowered costs because the State must maintain the same level of MFIP cash outlays (Line 1b and 6b). These cash outlays remain the same because they are part of the MOE required by PRWORA. If the State reduced its portion of MFIP cash outlays, the MOE-eligible expenditures for another eligible program (e.g., child care) would need to increase by an equivalent amount.

Food Stamps

Under the MFIP program, the State pays the food portion of the MFIP grant first, and then adds cash assistance until the total MFIP grant reaches the level for which the family is eligible. If the family does not receive MFIP cash assistance during a particular month, that month does not count toward their MFIP time limit. In addition, we did not count child support received directly by the family as passed-through child support in these cases (i.e., those receiving MFIP food portion only) because the Food Share is not counted as assistance paid to the family for child support distribution purpose.³⁰ In turn, the amount of the food portion that a family received did not affect the overall cost of the passthrough policy. Furthermore, there was no shifting between the federal and State food shares because those who received State food shares were ineligible for federal food share. This is evident in Exhibit IV-10, which shows there was no difference in the federal and State food share costs with and without a passthrough (Lines 1a, 1b, 6a, and 6b).

Net Effects

The net effects of the passthrough policy (shown on Line 12 of Exhibit IV-10) are as follows.

- ✓ Families received the same amount of money, because any passed-through child support reduced their MFIP grant by the same amount.
- ✓ The federal government incurs negative costs, because its share of MFIP grant outlays is reduced.
- ✓ The State incurs the full cost of the passthrough. One reason for this is the State foregoes its share of retained child support collections. In addition, the State can no longer use the federal share of retained child support collections to finance the portion required by the federal government to receive IV-D funding. Instead, the State must use State dollars. Finally, because regulations require states to maintain

³⁰ OCSE Action Transmittal 99-10.



the same level of expenditures, the State cannot share in the reductions realized from decreased MFIP outlays.

7. POTENTIAL IMPACT OF INCORPORATING A DISREGARD PROVISION

The potential impact of incorporating a disregard provision in Minnesota's passthrough policy involves two components:

- ✓ The potential effect on poverty levels; and
- ✓ The potential effect on child support collections.

We apply the results from the Wisconsin experiment to analyze the potential effect of a disregard provision on child support collections in Minnesota.

Effect of Disregard on Poverty Levels

Even with passed-through child support and MFIP assistance, families in the study had a combined total income (MFIP, passed-through child support, and any other unearned income) that averaged 77% of the poverty level.³¹ Implementing a disregard of child support in the calculation of the MFIP grant (i.e., cash and food shares portion) could help raise family income levels closer to the minimal standard of the federal poverty guidelines. Exhibit IV-11 displays the effects a range of disregard levels could have on the average combined total family income as a percent of the poverty level.³²

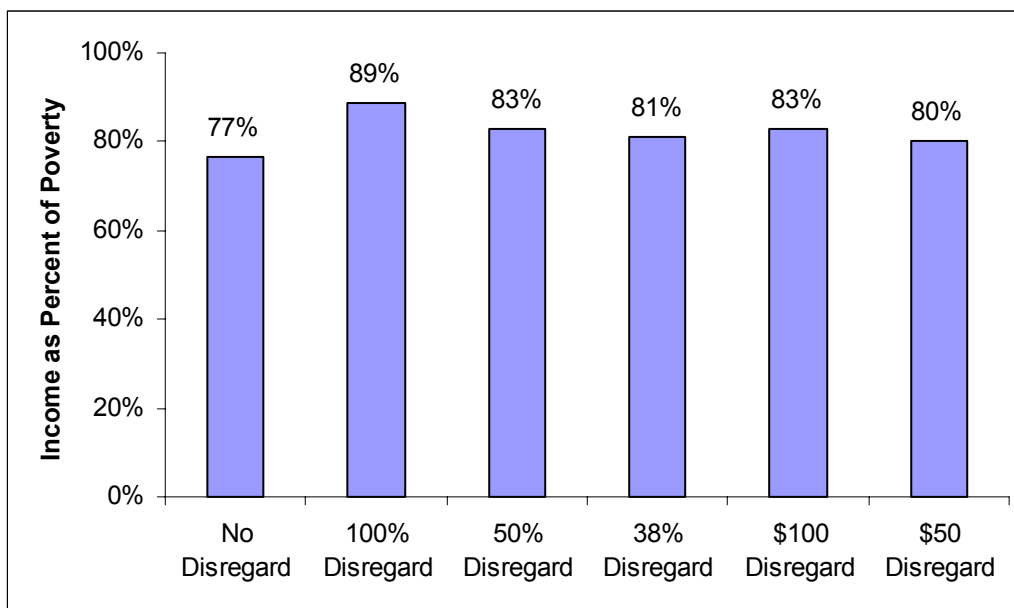
- ✓ *100% Disregard.* A 100% disregard would increase the average income of families receiving both MFIP and child support payments to 89% of the poverty level.
- ✓ *50% Disregard.* A 50% disregard would increase the average income of families receiving both MFIP and child support payments to 83% of the poverty level.
- ✓ *38% Disregard.* A 38% disregard would increase the average income of families receiving both MFIP and child support payments to 81% of the poverty level.
- ✓ *\$100 Disregard.* A \$100 disregard would increase the average income of families receiving both MFIP and child support payments to 83% of the poverty level.
- ✓ *\$50 Disregard.* A \$50 disregard would increase the average income of families receiving both MFIP and child support payments to 80% of the poverty level.

³¹ We used 2001 Federal poverty levels because the analysis used 2001 data. The poverty level varies by family size (e.g., it was \$716 for one person and \$968 for two persons in 2001). The analysis considered the poverty level given the number in family.

³²The analysis was based on a microsimulation of IV-D cases receiving MFIP and child support payments in July 2001, a typical month. Multiple months were not considered to avoid accounting for differences in income resulting from changes in MFIP grant amounts in 2001 and order modifications and COLA adjustments. Income included child support recorded through the IV-D system and all earned and unearned income recorded by MFIP.

Exhibit IV-11

Average Income of Families Receiving Child Support and MFIP as a Percent of Poverty Under a Range of Possible Disregard Policies



Projections of Child Support Outcomes Using Wisconsin Results

The authors of the Wisconsin W-2 Child Support Passthrough Demonstration evaluation reports and the non-experimental studies on passthrough showed optimism about the possible positive impacts of child support passthrough, but they noted that any positive impacts depended largely on whether there is a disregard of child support in the calculation of the TANF grant. The positive outcomes in Wisconsin included the following.

- ✓ *Increases in the percent of cases with paternity established.* The Wisconsin evaluation found an increase in paternity establishments among some groups, but not in all years. Specifically, among those who did not establish paternity and had no recent AFDC experience, the evaluation found a significant increase in paternity establishments between the experimental and control group (19.7% and 14.5% had paternity established, respectively) in the first year. The study did not find a statistical difference in the second year.
- ✓ *Increases in percent of paying cases.* The Wisconsin evaluation found that 56.3% of the experimental group cases received child support payments compared to 53.2% of the control group cases, with a larger difference among cases with no recent AFDC

history (58.4% for the control group and 48.2% for the experimental group.) The Wisconsin report suggested that the increase among those cases with no recent AFDC history was more likely over the long term because it was likely that the caseload would have fewer cases with any AFDC history in the future.

- ✓ *Increases in the amount of child support paid.* In the Wisconsin demonstration, the experimental group averaged a larger amount of child support paid than the control group. Participants with no recent AFDC history had the largest payment difference, averaging about \$300 per year. Again, the Wisconsin report suggested that the increase among those cases with no recent AFDC history was more likely over time because the caseload would have fewer cases with any AFDC history in the future.

The Wisconsin demonstration results also suggested that states with larger increases in their before and after passthrough disregard level (e.g., a state that increased from 0% disregard to 100% disregard), might generate greater benefits than Wisconsin experienced. Wisconsin's disregard increased from the greater of two amounts (\$50 or 41%) to a 100% disregard.

The data in Exhibit IV-12 incorporate the range of outcomes reported in the Wisconsin demonstration evaluation to estimate possible outcomes in Minnesota, with some minor modifications.

- ✓ *Paternity establishment.* The exhibit does not estimate paternity establishment rates because the study did not collect paternity data for the relevant time period. However, the Wisconsin evaluation report indicated that increased paternity establishment does not translate to an increase in cases with orders (the increase was for additional children of fathers who already had other children subject to a child support order).
- ✓ *Percent of paying cases.* In our analysis, the percent of paying cases in Minnesota included only IV-D/PA cases with payment toward *current* support. The Wisconsin study included W-2 (their equivalent to MFIP) cases with payment toward current support *or arrears*. Some cases will have payments toward arrears and not current support if the only payments received were through tax intercept or liens. (Child support payments collected through these enforcement tools are applied first to arrears, not current support, as required by federal child support distribution rules). As a result of these policy differences, the percent of paying cases in Wisconsin is higher than in Minnesota. Wisconsin also shows a higher percent of paying cases than Minnesota because it appears that a higher percent of the Wisconsin cases have established orders.

The percent of 2001 IV-D/PA cases in Minnesota with a payment was 31.5%. The comparable percent in Wisconsin was 53.2% among the control group (the group without the full disregard) in 1999.

Exhibit IV-12 applies the percentage differences in paying cases found in the experimental group and control group in the Wisconsin study to the percent of paying cases in the sampled Minnesota IV-D/PA caseload (i.e., those with and without orders because Wisconsin includes those with and without orders). The possible result shows that the percent of paying IV-D cases could increase from 31.5% to about 33.3% to 38.2%.

- ✓ *Amount of child support paid.* As in the preceding discussion, the amount paid in Minnesota included only payments toward current support, whereas the Wisconsin study included all payments related to child support (e.g., arrears and fees) among cases with and without orders. As indicated in Exhibit IV-12, the sampled Minnesota IV-D/PA group paid on average \$900 in current child support in 2001. This average included cases with and without child support orders, which significantly reduced the average calculated only for cases with payments. The comparable average total amount (i.e., payment toward current and arrears) for the control groups in the Wisconsin study averaged \$891 per year in child support payments in 1999. If Minnesota implemented a disregard, it is possible that collection rates could increase to levels similar to Wisconsin, which could increase child support collections from \$900 per-year per-case to about \$933 to \$1,183 per-year per-case.

Exhibit IV-12 Projected Possible Impact of 100% Disregard in Minnesota

	Actual 2001 Amounts	100% Disregard (Low Estimate)	100% Disregard (High Estimate)
Percent of Paying IV-D/PA Cases ^b	31.5%	33.3%	38.2%
Child Support Collected per Case Eligible for Passthrough ^b	\$900	\$933	\$1,183

^bThe percentage increase in percent of paying cases in Wisconsin was 5.83% on average and 21.12% among cases with no recent AFDC experience. These percentages are used to arrive at the low and high estimate.

^bThe percentage increase in annual amount of child support paid ranged from 3.6% on average in 1998 to 31.37% among cases with no recent AFDC experience. These percentages are applied to arrive at the low and high estimate.

8. CONCLUSIONS

The preceding analyses examined numerous research questions concerning the possible effects of Minnesota's new child support passthrough policy. Together, these analyses point to the conclusion that the passthrough policy did not enhance child support outcomes. Nor does there appear to be significant evidence that the child support passthrough policy was detrimental to families who participate in the child support program and the MFIP program.

Two caveats to these conclusions exist, however. First, the economic recession may have overshadowed or obscured any positive outcomes from the passthrough policy. Second, positive outcomes may not be possible without a disregard, or the magnitude of positive outcomes may be diminished in the absence of a disregard. The latter possibility can only be tested in a pre/post evaluation framework if conditions between the pre and post-time periods are stable. The economic recession and possible behavior changes caused by MFIP families approaching their 60-month time limit make comparisons between the two time periods problematic.

There was evidence to suggest that the combination of retrospective budgeting and the passthrough of child support payments cause most IV-D/PA families to experience significant budget variances. The average amount of the family budget swing (\$264 per budget cycle) is relatively large for a family with income near the poverty level. However, evidence did not exist to suggest that passthrough and these large budget swings had increased the use of emergency assistance.

In conclusion, what is most evident in the preceding analyses is the important role the economy plays in the financial well being of families. Our analyses for this project indicated that the economic recession increased the public assistance caseload. Importantly, child support outcomes appeared to weather the economic recession well, probably because of the strong enforcement tools available to the child support program. Although the percent of paying cases went down, the average amount paid remained steady and increased slightly. This indicated the important role of child support payments in stabilizing family income in difficult economic times. Finally, as economic conditions improve, the potential positive outcomes attributable to the passthrough policy may yet emerge.

Chapter V

Synthesis of Findings

OVERVIEW

This Chapter draws together the findings from the various evaluation activities described in detail in Chapters II through IV of this report. We've organized the findings according to the evaluation's three Research Objectives: (1) impact of the passthrough on families; (2) policy development and implementation; and (3) State costs related to the passthrough.

1. RESEARCH OBJECTIVE I: IMPACT OF PASSTHROUGH ON FAMILIES

The impact of passthrough on families concerns three issues:

1. Parent awareness;
2. Financial impact; and
3. Behavioral impact.

Parent Awareness

All findings indicated that parent awareness of, and knowledge about, the passthrough is quite low. Parent surveys showed that 70 percent of custodial parents know little or nothing about the passthrough policy. Noncustodial parent awareness is even lower, with 88 percent of survey respondents reporting they knew little or nothing about the policy. Focus groups with county child support and MFIP staff provided findings consistent with this data. County workers reported that efforts to inform parents about the passthrough policy may have been adequate, but because the policy has little financial effect on either custodial or noncustodial parents, parents may not have been interested in it or thought the change in policy was not highly relevant given other demands and concerns in their lives.

According to the parent survey, most parent knowledge about the passthrough came from notices received in the mail. Most focus group and interview participants said those notices presented the information clearly. Those parents also reported gaining information from county child support and MFIP workers, friends, and in the case of noncustodial parents, from community-based fatherhood services. Data from focus group and interview participants showed that those who reported receiving child support were more likely to be aware of the passthrough policy than those who did not receive child support.

Parent awareness of the passthrough policy is quite basic. Among survey respondents who reported some knowledge of the passthrough, 42% of custodial parents and 27% of noncustodial parents correctly recalled that under the passthrough policy all child support goes to the custodial parent. Parent focus groups and interviews also reflected this level of knowledge.

Financial Effects

The passthrough has had some effects on the composition of IV-D/public assistance family finances. It is estimated that more than 10,000 IV-D/public assistance cases per year now have child support directly passed through to them. Passed-through child support averages \$178 in the month it is passed through. The Minnesota passthrough policy does not include a disregard for MFIP purposes, so this passed-through child support replaces, dollar-for-dollar, the families' MFIP grants. Thus, the overall change in IV-D/public assistance family income is zero, although the average MFIP grant amount decreased for families receiving passthrough. This amount fell from an average of \$5,866 per year in 2000, the year prior to passthrough, to an average of \$4,948 per year in 2001, the first full year the policy was implemented. Parent focus group and interview participants expressed positive opinions about this replacement of MFIP dollars with child support dollars, with custodial parents saying they liked receiving less "welfare." Also, both custodial and noncustodial parents liked the increased awareness of how much child support is actually paid each month.

Another positive outcome of passthrough is that in some cases it reduced the number of months counted against the TANF time limit. MFIP grants include a cash portion and a Food Stamps portion, with the food portion paid first. A month of MFIP receipt is only counted against the recipient's TANF time limit if the grant includes cash assistance. If a custodial parent receives enough passed-through child support to change the MFIP status from cash assistance to Food Shares-only within a particular month, that month would not count against the family's time limit. This is a critical issue for long-term public assistance cases as more of them near the end of the 60-month time limit created by 1996 welfare reform legislation.

Because of MFIP's retrospective budgeting policy, decreases to MFIP grant amounts do not occur until two months after families receive child support. When child support payments are irregular, retrospective budgeting can result in significant variations in the budgets of families that receive passed-through child support. In cases with irregular child support payments and retrospective budgeting, the difference in family budgets from month-to-month averages \$264.

When asked in focus groups about the effects of these budget swings on family finances, both staff and parent focus group participants said it is a significant problem for families. In their opinion, the most affected were families with uncertain or irregular child support

payments. Yet even for families that received regular child support, the passthrough has created financial challenges. Prior to passthrough, families received a full MFIP grant on the first of the month. Under passthrough, total monthly income may be the same, but custodial parents usually received the child support portion in several payments throughout the month. This can make it difficult for families to maintain a budget and make payments that are typically due early in the month, such as rent. Some custodial parent focus group participants even said they would be better off not receiving any child support so they could receive a full MFIP grant on the first of each month.

Administrative data showed that the passthrough did not increase the percentage of IV-D/PA cases that received child support payments or the amount of child support paid. It is possible, however, that the economic recession may have dampened or obscured the effects of passthrough. In interviews and focus groups, custodial parents indicated that child support payments had not increased as a result of passthrough. Although noncustodial parents surveyed reported an increase in payments, noncustodial focus group participants said that the passthrough did not affect their willingness to pay support or the amount of support they pay.

In terms of effects of the passthrough on families' receipt of emergency assistance, some of the focus group participants speculated that the use of emergency assistance would increase due to irregular child support payments. A comparison of the use of emergency assistance from the year prior to passthrough implementation to the year after, however, found no increase in use. The administrative data also showed that passthrough did not affect MFIP exit rates. This is consistent with survey findings, which showed that custodial parents did not think passthrough would help them leave MFIP, even though they thought it might reduce their need for MFIP cash assistance.

Our analysis of administrative data showed that if Minnesota were to implement a disregard, it is possible that collection rates could increase to levels similar to those in Wisconsin. With a disregard, child support could increase from \$900 per-year per-case to about \$933 to \$1,183 per-year per-case. Parent focus group participants did not voluntarily suggest implementing a disregard, and when asked if such a policy would be helpful, reactions were mixed. Some custodial parents supported the concept, while others said it would be more helpful for the State to increase child support enforcement efforts. Noncustodial parent focus group participants were generally not supportive of the disregard concept.

Behavioral Effects

Generally, the evaluation activities showed that the passthrough did not have any significant effects on parent behavior. Staff members and advocates who participated in focus groups reported they have not observed positive behavioral changes (e.g.,

increased payments) or negative behavioral changes (e.g., increased incidence of domestic violence) attributable to the passthrough. Many advocates and staff said the policy change is unlikely to influence parental behavior because parents are not very aware of the child support passthrough and/or do not fully understand how it works.

Custodial parent survey respondents reported slight decreases in the amount of time the noncustodial parent spent with the child(ren), while noncustodial parents surveyed reported a slight increase. In terms of their relationship with the noncustodial parents, custodial parents reported slight decreases in the amount of conflict over parenting issues, but slight increases in conflict over money. Noncustodial parents surveyed reported an increase in conflict with the custodial parent over both parenting and money issues.

Custodial and noncustodial parent survey respondents reported they were more willing to cooperate with the child support program because of the passthrough. Focus groups and interviews with custodial parents revealed more mixed responses, with some parents reporting the passthrough increased their cooperation with child support, while others reported it was not a factor or that it actually worsened their relationship with the child support agency. Noncustodial parents in focus groups said the passthrough would not change their relationship with the child support agency.

Another area of behavioral effects we explored in the evaluation was whether the passthrough increased order establishment rates. The administrative data revealed a small, but not statistically significant, increase in the proportion of cases with orders established after passthrough implementation. This finding was not surprising since noncustodial parent focus group participants stated that no government policy would be likely to affect the order establishment rate – “Those dads who will step up and take responsibility will do so. Those who won’t, won’t.”

2. RESEARCH OBJECTIVE 2: POLICY DEVELOPMENT & IMPLEMENTATION

Focus groups and interviews conducted with State and county child support and MFIP staff collected information on Research Objective 2, which explores the policy development and implementation process.

Many of the major challenges to passthrough policy development resulted from the overall complexity of the child support and MFIP programs and their respective information systems. The Child Support Enforcement Division and Families with Children Division dedicated significant resources to complete the functional analysis and programming for two information systems and develop policy, procedures, and training for workers from both programs.

A number of factors contributed to the ultimate success in developing and implementing the passthrough policy. The legislative language establishing the policy did not include extensive administrative mandates, which gave staff the necessary flexibility to develop the passthrough policy and procedures. Because there was less than six months between adoption of the legislation and the implementation deadline, it was critical to the project's success that planning efforts commenced even before the legislative session began.

Staff support for the passthrough policy played a critical role in meeting the project's tight timelines. The clear, compelling reasons for enacting the policy bolstered the support. The strong existing relationship between child support and MFIP staff also played a significant role during policy planning and development. Yet even with this strong relationship, coordinating efforts and communication across divisions and departments posed difficult challenges. Focus group participants reported it was important to involve other public assistance programs early in the policy development process, although there were mixed reports about whether that happened adequately in this instance.

Many focus group participants also reported it was difficult and challenging to implement several major policy changes simultaneously, as was required with passthrough. These multiple changes created stress and confusion for state and county staff and the families they serve.

Focus group participants identified four major policy issues to be addressed as part of the passthrough development process:

- ✓ Ensure that child support distribution complies with all federal laws and regulations, including treatment of excess support;
- ✓ Resolve conflicts between federal law and Minnesota's MFIP policy, which combines TANF and Food Stamp benefits (cash assistance versus non-cash assistance);

- ✓ Resolve issues regarding the treatment of child support paid directly to the custodial parent by the noncustodial parent (i.e., direct support); and
- ✓ Decide if passed-through child support is the child's income or the income of the adult on the MFIP grant.

Significant training of State and county staff occurred upon completion of the passthrough policy. Overall, staff members believed training regarding the new policy was adequate. They understand the policy, although some of them reported that it is difficult to explain to parents. One advantage offered by the passthrough is an increased integration between the child support and MFIP programs through increased information sharing and cooperation on behalf of families.

When asked to suggest changes to the passthrough policy, most staff members recommended operational or technical changes rather than major shifts in policy. All staff focus groups discussed the value of enacting a level of disregard of passed-through child support for purposes of determining MFIP eligibility and benefits. State and county staff members expressed mixed opinions about implementing a level of disregard. Advocates supported a disregard, but said the passthrough alone was a good first step in the right direction for families.

3. RESEARCH OBJECTIVE 3: STATE COSTS OF THE PASSTHROUGH

Research Objective 3 used administrative data to explore the costs the State incurred as a result of the passthrough. Overall, the State incurred lower-than-anticipated passthrough costs. In 2001, State costs related to the passthrough were about \$15.2 million, while the federal costs decreased by the same amount. These costs included reductions in MFIP cash assistance grants to IV-D/PA cases that received passed-through child support and a reduction in the child support dollars the State would have retained in the absence of the passthrough.

Federal incentives payments would have offset some of the State's passthrough costs if the passthrough had enhanced Minnesota's performance on various federal performance indicators (paternity establishment, percent of cases paying toward current support, percent of current support paid). However, the analyses conducted for this report suggested that passthrough did not significantly enhance the State's performance in the measured areas, at least not in the year that followed implementation of the passthrough policy.

Disregard

When combined, the various income sources available to IV-D/PA families, such as child support and MFIP assistance, provide these families with a combined total income

that averages 77% of the poverty level.³³ Incorporating a disregard of child support into the MFIP grant calculation could enhance the income of the average family, but it would remain below the federal poverty guidelines. Depending on the level of disregard adopted, family income could increase from 77% of poverty to between 80% and 89% of the federal poverty guidelines.

4. SUMMARY

In general, the evaluation findings supported the conclusion that Minnesota's passthrough policy has had a relatively neutral effect on families. The findings also show that the passthrough has not exceeded cost estimates prepared by DHS during proposal development.

While there have been some instances of negative consequences for families, these appeared to be exceptions rather than widespread outcomes affecting families. The greatest concern was that passthrough would result in uncertain or irregular family budgets because families were now more reliant on child support payments. This did occur, even though average family income over all months of the evaluation remained stable. The only change was that families now received income throughout the month instead of receiving a check at the first of the month.

In addition, there was some weak evidence that passthrough has had positive effects for families. For example, custodial and noncustodial parents who responded to the survey reported they were more willing to cooperate with the child support enforcement program as a result of the passthrough. Unfortunately, statements from focus group participants did not support that finding.

Several administrative barriers had to be overcome to successfully implement the passthrough policy on the date mandated by the Legislature. Clearly, the effort and dedication shown by DHS staff, both from the child support program and the MFIP program, and in particular the technical staff, helped in the smooth transition and the general lack of administrative problems for families.

³³ This assumes that no income is received that is not reported on the MAXIS system.

Appendix A

Methodology for Staff Focus Groups and Interviews

RECRUITING STATE CHILD SUPPORT AND MFIP STAFF FOCUS GROUP PARTICIPANTS

To prepare for legislation creating the child support passthrough, CSED created a Passthrough Project Team to handle the development and implementation of the new policy. The Team included representatives from a number of units within the CSED. Ten members representing key functional areas of this Passthrough Project Team received letters inviting them to participate in the State child support staff focus group.

In addition, the Child Support and MFIP Work Group was created to ensure necessary coordination between various DHS divisions and other impacted State agencies. This Child Support and MFIP Work Group included members from the Child Support Enforcement, Families with Children, MAXIS, Adult Supports, and Health Care Divisions and the Department of Children, Families, and Learning. Ten members of the Child Support and MFIP Work Group representing a variety of functions within the Families with Children Division, including policy, quality assurance, training, help desk, communications, and information systems (MAXIS) were invited to participate in the State MFIP focus group. In addition, representatives from the State's Medical Assistance and Food Stamps programs received letters inviting them to participate in the focus group.

The invitees for both the State child support and MFIP focus groups were identified with the assistance of several members of the Child Support Passthrough Evaluation Advisory Committee. An effort was made to include staff from a variety of functional areas (e.g., technical, policy, training), and staff members employed long enough to have pre- and post-implementation perspectives were given preference.

RECRUITING COUNTY CHILD SUPPORT AND MFIP STAFF FOCUS GROUP PARTICIPANTS

The goal in recruiting focus group participants from the county child support and MFIP offices was to involve workers from a variety of functional areas (e.g., technical, policy, training) and levels (e.g., supervisors, workers, managers and directors). Once again, preference was given to staff members employed long enough to have pre- and post-implementation perspectives. To ensure a range of perspectives, focus groups were held with county workers from the Twin Cities metropolitan area and with county workers from Greater Minnesota. Beyond just geographic diversity, an effort was made to



include staff members from both urban and suburban counties in the metropolitan area and small and large caseload counties in Greater Minnesota.

To identify invitees, suggestions were solicited from Child Support Passthrough Advisory Committee members from the Child Support Enforcement Division and the Families with Children Division. Additional suggestions for invitees were solicited from the Child Support Commissioner's Advisory Committee and the County Child Support Advisory Board. Experienced supervisors from northern and southern Minnesota were also contacted to help identify focus group invitees.

E-mails explaining the purpose and logistics of the focus group were sent to approximately 20 invitees for each of the four county focus groups asking them to participate or suggest a substitute participant from their county office. In cases where no e-mail response was received, follow-up telephone calls were made.

RECRUITING ADVOCATE FOCUS GROUP PARTICIPANTS

In recruiting advocates, the goal was to include representatives from various social service organizations that assist families in dealing with issues such as food, shelter, and employment services to see if the passthrough policy was impacting families at a basic services level. The Evaluation Team wanted to ensure that issues with the passthrough that might not rise to the level of seeking legal assistance were captured in the focus groups. Legal Service Organizations also participated in the focus groups. Since domestic violence often impacts public assistance recipients, a separate focus group was held with domestic violence advocates from a local shelter. This focus group was supplemented using interviews of additional domestic violence experts.

The recruitment efforts for the advocacy focus groups were fairly extensive, yet yielded relatively low turnout. Five advocates attended the general advocates' focus group. The Legal Services representative on the Child Support Passthrough Advisory Committee assisted in recruiting advocates for the focus groups. E-mail messages were sent to legal services attorneys in the metropolitan area soliciting feedback and inviting participation. A progressive Minnesota advocacy organization, Affirmative Options, also sent e-mail messages to 104 people who are part of the Affirmative Options Coalition, which includes organizations such as Catholic Charities and Lutheran Social Services. Four people responded to this e-mail message with requests for additional information and one person came to the focus group. Seventeen employment service providers were contacted for information and participation, as well as domestic violence organizations, Community Action Programs, Housing Advocates, a welfare rights organization, YWCA programs serving low-income women, welfare advocates within county governments, divorce mediators serving low-income families, the Somali community of Minnesota, and several food shelves.

Focus Group Protocol

The following protocol was used to conduct all of the focus groups:

- ✓ Each group lasted approximately 2 to 2 ½ hours.
- ✓ A short survey was administered to people who attended each of the six State and county focus groups to identify their opinions about parents' knowledge of the passthrough policy, the impact on families, and the features of the policy.
- ✓ The information provided to participants included: 1) objectives for the focus group; 2) ground rules for the discussion (e.g., everyone should participate, keep responses brief and focused, be honest, and note that consensus among participants is NOT the goal of the discussion); and 3) an overview of the passthrough evaluation, including key research questions, data collection procedures, and timelines.
- ✓ Each group had a similar list of questions to be addressed, with the State staff focus group questions concentrated more on policy development, the county staff focus group questions concentrated more on policy implementation, and the advocate focus group concentrated on family impact.
- ✓ The first focus group, conducted with State child support staff, was audio taped. After the experience with the first focus group, it was determined that having the facilitator take notes was sufficient and no other focus group was audio taped.
- ✓ Focus groups with State child support and MFIP staff were held early in 2001, as these staff members were involved in the development of the policy, which took place prior to the January 1, 2001 implementation date. Focus groups with county child support and MFIP workers were held in June and July 2001 to allow more time for them to become familiar with the passthrough policy and related challenges and issues. The advocate focus groups were held in late September to allow time for issues to surface.

Background of Focus Group Participants

State Child Support Staff

Seven staff members from the Child Support Enforcement Division (CSED) attended the State Child Support focus group in March 2001, three months after the passthrough legislation took effect. The staff represented a variety of child support functional areas, including policy development, project management, programming, operations, legal



analysis, training, and Help Desk. All participants had been involved in the CSED's Passthrough Project Team.

State MFIP Staff

Seven staff members from the Families with Children Division attended the State MFIP focus group in March 2001. The staff represented a variety of MFIP functional areas, including policy development, programming, training, quality assurance, and communications. All participants had been involved in the Department's efforts to develop and implement the passthrough policy.

County Child Support Staff

The focus groups with Twin Cities metropolitan area county staff members were held in June 2001. The child support focus group included ten participants, representing six of the seven counties in the Twin Cities metropolitan area (Hennepin, Ramsey, Dakota, Anoka, Carver, and Washington Counties). The participants held a variety of positions within their county child support offices, including supervisor, trainer, child support officer, and child support enforcement aid.

The metropolitan county MFIP focus group included 15 participants representing all seven counties in the Twin Cities metropolitan area (above-listed counties and Scott County). The participants included both financial workers and supervisors.

The focus groups with Greater Minnesota county staff members were held in July 2001. The child support focus group included six child support officers and supervisors representing the following counties:

- ✓ Faribault and Martin (combined office);
- ✓ Lincoln, Murray and Lyon (combined office);
- ✓ Blue Earth;
- ✓ McLeod; and
- ✓ Sibley.

The focus group with Greater Minnesota county MFIP staff included 14 staff members representing the following counties:

- ✓ Faribault and Martin (combined office);
- ✓ Lincoln, Murray and Lyon (combined office);
- ✓ Blue Earth;
- ✓ McLeod;
- ✓ Sibley;

- ✓ Nicollet;
- ✓ Waseca;
- ✓ Watonwan;
- ✓ LeSueur; and
- ✓ Olmsted.

These participants represented a wide variety of financial assistance program areas, and held positions including financial worker, County Director, Financial Assistance Supervisor, Childcare Assistance Coordinator, Section 8 Housing Coordinator, and employment services worker.

Advocates

The participants in the Advocate focus groups included representatives from legal services, Family and Children's Service, the Wilder Foundation, and the Harriet Tubman Center. Interviews were also conducted with experts in domestic violence issues.

MINNESOTA CHILD SUPPORT PASSTHROUGH PROJECT CUSTODIAL PARENT SURVEY

Policy Studies Inc.
999 18th Street, Suite 1000
Denver, Colorado 80202

DATE OF INTERVIEW _____

RESPONDENT'S NAME _____

RESPONDENT'S PHONE NUMBER _____

INTRODUCTION

Hello, I'm (INTERVIEWER NAME). You might remember that you recently received and returned a postcard from the Minnesota Department of Human Services agreeing to participate in a telephone survey the Department is conducting of parents who receive or have received MFIP and child support payments.

I'm with Standage Research in Denver, Colorado and we have been asked to conduct the survey. Let me assure you that your responses are completely confidential and nothing you say will be reported to the county.

As we mentioned, the purpose of this survey is to ask you some questions about a new policy the Department has implemented related to how child support payments are handled. This will only take a few minutes of your time and we will send you a \$10 Target gift certificate after you complete the survey. Is this a convenient time for an interview? (IF YES, CONTINUE WITH INTERVIEW. IF NO, ASK FOR A CONVENIENT TIME TO CALL BACK.)

SCREENING QUESTIONS

Before we begin, I'd like to confirm that I am talking with the right person.

Our records show that you are the custodian of (CHILD'S NAME). Is this correct?

1. YES
2. NO (TERMINATE INTERVIEW AND SAY: Before we can continue, I need to check some information with a supervisor. I may be contacting you again. Thank you for your time.)

Our records also show that (CHILD'S NAME) is the subject of a child support order owed to you. Is this correct?

1. YES

2. NO (TERMINATE INTERVIEW AND SAY: Before we can continue, I need to check some information with a supervisor. I may be contacting you again. Thank you for your time.)

SURVEY

For all of the remaining questions in the survey when I ask about a child, I am referring to the child I just mentioned. When I ask about the noncustodial parent, I am referring to that child's other parent.

1. In January of this year, the State implemented a new policy called the child support passthrough. How much do you know about this policy? Would you say you know _____ (READ RESPONSES)?

1 - A lot

2 - Some

3 - A little

4 - Nothing at all (SKIP TO PARAGRAPH JUST BEFORE QUESTION 6)

2. Based on what you recall hearing, seeing or reading, what do you remember about the passthrough policy?

3. Please tell me where you learned about the policy. (CIRCLE ALL MENTIONED)

01 - CHILD SUPPORT CASEWORKER

02 - MINNESOTA FAMILY INVESTMENT PROGRAM (MFIP)
FINANCIAL WORKER

03 - LETTER OR OTHER MAILED NOTICE

04 - THE NONCUSTODIAL PARENT

05 - A FRIEND/RELATIVE

06 - COUNTY NEWSLETTER

07 - NOTICE FROM LEGAL AID

08 - HANDOUTS/NOTICES AT THE WELFARE OFFICE OR SOME OTHER
GOVERNMENT OFFICE

09 - COMMUNITY OR ADVOCACY ORGANIZATION

99 - DON'T KNOW/CAN'T REMEMBER

Under the passthrough policy, all current child support payments received on your case are paid to you. This is a change from previous years where the State kept most of the child support.

4. I'm going to read you some statements. For each one, please tell me how strongly you agree or disagree. Please consider only the time period from January this year until now and tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each one. READ EACH STATEMENT, THEN ASK: Would you say you _____ (READ AND ROTATE RESPONSES) with that statement?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
a. Overall, I like receiving child support checks separately from MFIP checks because I know exactly how much child	4	3	2	1	0

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
support is being paid.					
b. The amount of child support I receive affects the amount of the MFIP grant I receive.	4	3	2	1	0
c. The amount of my MFIP grant has changed more from month to month than it did in the past.	4	3	2	1	0
d. I have had to contact my financial worker to report or reconcile child support payments more often than in the past.	4	3	2	1	0
e. I have had to use Emergency Assistance or request a Significant Change supplement.	4	3	2	1	0
f. I have had to use non-government assistance, such as staying at a shelter or going to a food shelf.	4	3	2	1	0
g. The passthrough will help keep down the number of months counted toward my MFIP time limit.	4	3	2	1	0
h. The passthrough did or will help me leave MFIP.	4	3	2	1	0

5. For each of the statements below, please tell me if you've noticed any change since January 1, 2001. (READ THIS INTRO TO ALL QUESTIONS) Because of the passthrough, would you say that (READ STATEMENT) (READ AND ROTATE RESPONSES)?

	Increased	Stayed the Same	Decreased	Don't Know
a. The overall amount of household income available to you each month has ...	3	2	1	0
b. The amount of child support the other parent has paid has ...	3	2	1	0
c. Other than child support, the amount of money the other parent has paid to help with child-related or household expenses such as diapers, food, or rent has ...	3	2	1	0
d. The amount of time the other parent has visited the child has ...	3	2	1	0
e. The regularity of the child support payments made by the other parent has ...	3	2	1	0
f. The chances that your child support	3	2	1	0

	Increased	Stayed the Same	Decreased	Don't Know
payments are made on time have ...				
g. Conflict between you and the other parent over <u>parenting</u> issues has ...	3	2	1	0
h. Conflict between you and the other parent over <u>money</u> issues has ...	3	2	1	0
i. Your ability to manage your household finances has ...	3	2	1	0
j. Your need for MFIP benefits has ...	3	2	1	0
k. Your awareness of the amount of child support paid in your case has...	3	2	1	0
l. Your willingness to cooperate with the child support program to enforce or establish a child support order has ...	3	2	1	0

(SKIP TO QUESTION 8)

Under the passthrough policy, all current child support payments received on your case are paid to you. This is a change from previous years where the State kept most of the child support. Child support payments you receive reduce the amount of your MFIP grant.

6. I'm going to read you some statements. For each one, please tell me how strongly you agree or disagree. Please consider only the time period from January this year until now and tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each one. READ EACH STATEMENT, THEN ASK: Would you say you _____ (READ AND ROTATE RESPONSES) with that statement?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
a. Overall, I like receiving child support checks separately from MFIP checks because I know exactly how much child support is being paid.	4	3	2	1	0
b. The amount of child support I receive affects the amount of the MFIP grant I receive.	4	3	2	1	0
c. The amount of my MFIP grant has changed more from month to month than it did in the past.	4	3	2	1	0
d. I have had to contact my financial worker more often than in the past to report or reconcile child support payments.	4	3	2	1	0
e. I have had to use Emergency Assistance or request a Significant Change	4	3	2	1	0

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
supplement.					

- f. I have had to use non-government assistance, such as staying at a shelter or going to a food shelf.

4	3	2	1	0
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7. For each of the statements below, please tell me if you've noticed any change since January 1, 2001. (READ THIS INTRO TO ALL QUESTIONS) Because of the passthrough, would you say that (READ STATEMENT) (READ AND ROTATE RESPONSES)?

	Increased	Stayed the Same	Decreased	Don't Know
a. The overall amount of household income available to you each month has ...	3	2	1	0
b. The amount of child support the other parent has paid has ...	3	2	1	0
c. Other than child support, the amount of money the other parent has paid to help with child-related or household expenses such as diapers, food, or rent has ...	3	2	1	0
d. The amount of time the other parent has visited the child has ...	3	2	1	0
e. The regularity of the child support payments made by the other parent has ...	3	2	1	0
f. The chances that your child support payments are made on time have ...	3	2	1	0
g. Conflict between you the other parent over <u>parenting</u> issues has ...	3	2	1	0
h. Conflict between you and the other parent over <u>money</u> issues has ...	3	2	1	0
i. Your ability to manage your household finances has ...	3	2	1	0
j. Your need for MFIP benefits has ...	3	2	1	0
k. Your awareness of the amount of child support paid in your case has...	3	2	1	0
l. Your willingness to cooperate with the child support program to enforce or establish a child support order has ...	3	2	1	0

8. Which of the following problems, if any, have you experienced since January 2001 because of the passthrough?

	YES	NO	DON'T KNOW
a. Problems buying food	1	2	0
b. Problems paying for housing	1	2	0
c. Problems paying medical bills	1	2	0
d. Problems paying for utilities	1	2	0
e. Problems paying for telephone bills	1	2	0
f. Problems with transportation	1	2	0
g. Anything else? _____			

9. How often are you supposed to receive child support checks? (CHECK ONE)

1 - MONTHLY

2 - WEEKLY

3 - EVERY OTHER WEEK

4 - TWICE A MONTH

5 - _____ OTHER (Please describe)

0 - DON'T KNOW/NOT SURE

10. Have you and the child's other parent ever been married or lived together? (CHECK ONE)

1 - YES

2 - NO

0 - DON'T KNOW/CAN'T REMEMBER

11. Into which of the following racial/ethnic groups would you classify yourself?

1 - White/Caucasian (non-Hispanic)

2 - Black/African American

3 - Hispanic/Latino

4 - Asian

5 - Pacific Islander

6 - Native American/American Indian/Alaskan Native

7 - Other (please specify): _____

Thank you for taking the time to complete this survey. In order for us to send you a gift certificate, we need to confirm your name and address.

ATTACH ADDRESS LABEL HERE AND MAKE WHATEVER CHANGES ARE NEEDED TO THE INFORMATION ON THE LABEL.

MINNESOTA CHILD SUPPORT PASSTHROUGH PROJECT NON-CUSTODIAL PARENT SURVEY

Policy Studies Inc.
999 18th Street, Suite 1000
Denver, Colorado 80202

DATE OF INTERVIEW _____

RESPONDENT'S NAME _____

RESPONDENT'S PHONE NUMBER _____

INTRODUCTION

Hello, I'm (INTERVIEWER NAME). You might remember that you recently received and returned a postcard from the Minnesota Department of Human Services agreeing to participate in a telephone survey the Department is conducting of parents who receive or have received MFIP and child support payments.

I'm with Standage Research in Denver, Colorado and we have been asked to conduct the survey. Let me assure you that your responses are completely confidential and nothing you say will be reported to the county.

As we mentioned, the purpose of this survey is to ask you some questions about a new policy the Department has implemented related to how child support payments are handled. This will only take a few minutes of your time and we will send you a \$10 Target gift certificate after you complete the survey. Is this a convenient time for an interview? (IF YES, CONTINUE WITH INTERVIEW. IF NO, ASK FOR A CONVENIENT TIME TO CALL BACK.)

SCREENING QUESTIONS

Before we begin, I'd like to confirm that I am talking with the right person.

Our records show that you have a child support order on behalf of (CHILD'S NAME). Is this correct?

1. YES
2. NO (TERMINATE INTERVIEW AND SAY: Before we can continue, I need to check some information with a supervisor. I may be contacting you again. Thank you for your time.)

SURVEY

For all of the remaining questions in the survey when I ask about a child, I am referring to the child I just mentioned. When I ask about the custodial parent, I am referring to that child's other parent.

1. In January of this year, the State implemented a new policy called the child support passthrough. How much do you know about this policy? Would you say you know _____ (READ RESPONSES)?

1 - A lot

2 - Some

3 - A little

4 - Nothing at all (SKIP TO PARAGRAPH AFTER QUESTION 3)

2. Based on what you recall hearing, seeing or reading, what do you remember about the passthrough policy?

3. Please tell me where you learned about the policy. (CIRCLE ALL MENTIONED)

01 - CHILD SUPPORT CASEWORKER

02 - MINNESOTA FAMILY INVESTMENT PROGRAM (MFIP)
FINANCIAL WORKER

03 - LETTER OR OTHER MAILED NOTICE

04 - THE CUSTODIAL PARENT

05 - A FRIEND/RELATIVE

06 - COUNTY NEWSLETTER

07 - NOTICE FROM LEGAL AID

08 - HANDOUTS/NOTICES AT THE WELFARE OFFICE OR SOME OTHER
GOVERNMENT OFFICE

09 - COMMUNITY OR ADVOCACY ORGANIZATION

99 - DON'T KNOW/CAN'T REMEMBER

Under the passthrough policy, all current child support payments you pay are sent to the other parent on behalf of your child. This is a change from previous years where the State kept most of the child support to repay the MFIP benefits your child and the other parent received from the State. Since January 1, 2001, the other parent now receives separate checks from the State for the child support you pay and for the MFIP benefits the family receives. The other parent now knows exactly how much support you pay for the child, and her MFIP grant is reduced by that amount. The statements below ask about possible impacts of these changes in the way child support payments are handled.

4. I'm going to read you some statements. For each one, please tell me how strongly you agree or disagree. Please consider only the time period from January this year until now and tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each one. READ EACH STATEMENT, THEN ASK: Would you say you _____ (READ AND ROTATE RESPONSES) with that statement?

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
a. I am more willing to pay child support now than in the past because I know the other parent will receive the money.	4	3	2	1	0
b. I like the fact that the other parent receives the child support I pay <u>separately</u> from her MFIP checks because she now knows exactly how much child support I pay.	4	3	2	1	0
c. I have had to contact my child support worker more often than in the past to resolve issues related to my child support.	4	3	2	1	0
d. If I were not already identified as the legal father of my child, I would be more likely to establish paternity because I know the other parent will receive my child support payments.	4	3	2	1	0
e. The amount of child support I pay affects the amount of MFIP the mother receives.	4	3	2	1	0

5. For each of the statements below, please tell me if you've noticed any change since January 1, 2001. (READ THIS INTRO TO ALL QUESTIONS) Because of the passthrough, would you say that ... (READ STATEMENT) (READ AND ROTATE RESPONSES)?

	Increased	Stayed the Same	Decreased	Don't Know
a. The amount of child support you pay has ...	3	2	1	0
b. The amount of time you spend with the child has ...	3	2	1	0
c. Other than child support, the amount of money you have paid to help with child-related or household expenses such as diapers, food, or rent has ...	3	2	1	0
d. The <u>regularity</u> of your child support payments has ...	3	2	1	0
e. The chances that you pay your child support on or before the date it is due has	3	2	1	0

	Increased	Stayed the Same	Decreased	Don't Know
f. Conflict between you the other parent over <u>parenting</u> issues has ...	3	2	1	0
g. Conflict between you and the other parent over <u>money</u> issues has ...	3	2	1	0
h. The other parent's awareness of the amount of child support you pay has ...	3	2	1	0
i. Your willingness to cooperate with the child support program about the child support order has ...	3	2	1	0
j. The number of hours you work each month has ...	3	2	1	0
k. The wages or salary you earn has ...	3	2	1	0

6. How often are you supposed to make child support payments? (CHECK ONE)

1 - MONTHLY
2 - WEEKLY
3 - EVERY OTHER WEEK
4 - TWICE A MONTH
5 - _____ OTHER (Please describe)

0 - DON'T KNOW/NOT SURE

7. Have you and the child's parent ever been married or lived together? (CHECK ONE)

1 - YES
2 - NO
0 - DON'T KNOW/CAN'T REMEMBER

8. Into which of the following racial/ethnic groups would you classify yourself?

1 - White/Caucasian (non-Hispanic)
2 - Black/African American
3 - Hispanic/Latino
4 - Asian
5 - Pacific Islander
6 - Native American/American Indian/Alaskan Native
7 - Other (please specify): _____

Thank you for taking the time to complete this survey. In order for us to send you a gift certificate, we need to confirm your name and address.

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