

**NUDGES FOR
CHILD SUPPORT**
Applying
Behavioral Insights to
Increase Collections

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Executive Summary

NUDGES FOR CHILD SUPPORT:

Applying Behavioral Insights to Increase Collections

OPRE 2016-01
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Authors: Peter Baird, Dan Cullinan, Patrick Landers, Leigh Reardon

Submitted to: Emily Schmitt, Project Officer

Office of Planning, Research and Evaluation
Administration for Children and Families
U.S. Department of Health and Human Services

Project Director: Lashawn Richburg-Hayes, MDRC

16 East 34th Street
New York, NY 10016

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OVERVIEW

The Behavioral Interventions to Advance Self-Sufficiency (BIAS) project, sponsored by the Office of Planning, Research and Evaluation (OPRE) of the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services and led by MDRC, is the first major opportunity to use a behavioral economics lens to examine programs that serve poor and vulnerable families in the United States. This report presents findings from four tests of behavioral interventions intended to increase the percentage of parents who made child support payments and the dollar amount of collections per parent in Cuyahoga County, Ohio.

Parents who owe child support and do not have their payments automatically deducted from their paychecks through income withholding typically need to actively initiate a new payment each month. The BIAS team examined the payment process in Cuyahoga County and diagnosed a number of behavioral factors potentially impeding collections. The team collaborated with the Cuyahoga Office of Child Support Services (OCSS) to design a number of behavioral interventions intended to increase collections and evaluate them using randomized controlled trials.

These tests replicated and extended previous BIAS research on child support payments in Franklin County, Ohio, which tested a variety of payment reminders and found that they increased the percentage of parents making a payment, though none of them produced statistically significant increases in collections per parent. Examining similar issues in Cuyahoga County allowed the BIAS team to more rigorously address research questions from the earlier evaluation and explore related but new research questions. Findings from the Cuyahoga tests include:

- Mailing a behaviorally informed payment reminder notice to parents without income withholding or cell phone numbers on file with OCSS increased their likelihood of payment by 2.4 percentage points, from 38.2 percent to 40.7 percent, compared with sending no reminder.
- Sending text message reminders to parents without income withholding but with cell phone numbers on file increased their likelihood of payment by 2.5 percentage points, from 47.3 percent to 49.8 percent, compared with sending no reminder at all. Text messages were as effective as the behaviorally informed mailing for this group, but cost significantly less.
- The state already sends a payment reminder notice to some parents not making income withholding payments. Mailing the behaviorally informed notice to these parents did not increase their likelihood of payment, compared with continuing to send the existing state notice.
- Mailing a behaviorally informed welcome letter and payment reminder notices to parents with new orders did not increase their likelihood of payment in the first few months of their order, compared with sending the county's existing welcome letter.
- None of the interventions produced statistically significant increases in collections per parent.

These findings demonstrate that low-cost, low-effort behavioral interventions can improve child support outcomes. However, more intensive interventions may be necessary to increase overall child support collection amounts, perhaps because some parents have a limited ability to pay.

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Many people contributed to the development and successful implementation of the Cuyahoga County tests. First and foremost, the administrators and staff at the Cuyahoga County Office of Child Support Services have been wonderful partners and collaborators. We are particularly indebted to Deborah Watkins, Richard Adams, Mark Dorony, Marc Alvarez, Debby Doud, Rick Weiler, and Anthony Sharaba. We also acknowledge Dan Silverman at Arizona State University for contributing his considerable behavioral economics and evaluation expertise to the intervention and research design. Dilip Soman at the University of Toronto, Deborah Small at the University of Pennsylvania, Farhana Hossain at MDRC, and members of the BIAS research team also provided feedback on the study design. Finally, Drew McDermott of MDRC was an essential member of the research team from the site's beginning through finalizing the research design.

Gordon Berlin, Lashawn Richburg-Hayes, Dan Bloom, Ali Tufel, Nadine Dechausay, David Butler, and Caitlin Anzelone at MDRC and Asaph Glosser at MEF Associates reviewed early drafts of the report and contributed helpful feedback. We thank Kelsey Patterson for assisting with the coordination of this report and Amy Taub for programming data and creating exhibits. Finally, we thank Daniella Van Gennep, who designed the report, and the publications staff at MDRC, especially Christopher Boland, who edited the report, and Carolyn Thomas, who prepared it for publication.

The Authors

EXECUTIVE SUMMARY

The Behavioral Interventions to Advance Self-Sufficiency (BIAS) project is the first major opportunity to use a behavioral economics lens to examine programs that serve poor and vulnerable families in the United States. Sponsored by the Office of Planning, Research and Evaluation (OPRE) of the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services and led by MDRC, the project applies behavioral insights to issues related to the operations, implementation, and efficacy of social service programs and policies. The goal is to learn how tools from behavioral science can be used to deliver programs more effectively and, ultimately, improve the well-being of low-income children, adults, and families.

The Cuyahoga County Office of Child Support Services (OCSS), which serves the Cleveland, Ohio, area, collects more than \$157 million in child support each year from over 70,000 cases in which a noncustodial parent owes child support.¹ The BIAS team employed a process called behavioral diagnosis and design to research the child support payment process in Cuyahoga County. The process consists of four phases: (1) defining the problem, (2) diagnosing the factors causing the problem, (3) designing interventions to address those hypothesized behavioral sources of the problem, and (4) testing those interventions. This report presents findings from four tests of low-cost behavioral interventions designed to increase the collection of child support payments.

Define

OCSS wanted to increase the percentage of noncustodial parents making child support payments, and the total dollar amount of those payments. OCSS collects approximately 60 percent of current child support payments due, which is below the state and national averages and short of the county's goals.² OCSS's performance may reflect the fact that Cuyahoga County's population is more economically disadvantaged than the state and national averages.³ In particular, OCSS was focused on improving the payment behavior of noncustodial parents whose child support payments are not automatically deducted from their paychecks through income withholding or who have a newly opened child support order, as these parents usually need to actively initiate a new payment each month.

Diagnose

Consistent with the BIAS project's past research in nearby Franklin County, Ohio, the team found that in Cuyahoga County less than 40 percent of noncustodial parents were making payments through income withholding, even though approximately 70 percent of all collections were made via this method.⁴ The reasons

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- 1 Correspondence with site (August 18, 2014). This report employs the term "noncustodial parent" because it is widely used by child support policymakers and researchers. However, the term is not wholly accurate in this case since not all noncustodial parents owe child support and those that do owe child support may have joint or sole custody of their child.
 - 2 Correspondence with site (August 18, 2014); Office of Child Support Enforcement, *FY2014 Preliminary Report* (Washington, DC: Office of Child Support Enforcement, Administration for Children and Families, U.S. Department of Health and Human Services, 2015).
 - 3 U.S. Census Bureau, "State & County QuickFacts Beta 2.0: Cuyahoga, Ohio" (2015). Website: quickfacts.census.gov.
 - 4 Correspondence with site (June 8, 2015); Peter Baird, Leigh Reardon, Dan Cullinan, Drew McDermott, and Patrick Landers, *Reminders to Pay: Using Behavioral Economics to Increase Child Support Payments*, OPRE Report 2015-20 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2015).

for this disparity are that parents enrolled in income withholding on average pay a higher percentage of their child support obligations than parents not enrolled in income withholding, and those with regular employment may potentially have higher obligation amounts. A noncustodial parent who is not enrolled in income withholding generally does not have any “attachable wages,” which means that the child support agency does not know about the parent’s employment, the wages are not paid through a typical payroll system (for example, the parent is self-employed), or the parent has no job or income. These noncustodial parents are responsible for making a child support payment each month by mail, online, or in person. While the state was mailing a monthly payment reminder notice to some noncustodial parents who were not enrolled in income withholding, over 17,000 parents in Cuyahoga County not making income withholding payments were not being sent any such notice.⁵

The team identified a number of potential bottlenecks related to the child support payment process for noncustodial parents not enrolled in income withholding. Based on interviews with parents and staff, the BIAS team hypothesized that the lack of reminder notices might negatively impact payment activity. The team also hypothesized that, even for those who receive it, the state payment reminder notice could be confusing or discouraging. Additionally, the team identified several bottlenecks that potentially impact parents with new child support orders. OCSS currently mails these parents a welcome letter containing little information about making child support payments and does not send a reminder to start paying, even though there is a delay of several months before income withholding begins.

Design

Based on the findings from the behavioral diagnosis and design process, the BIAS team and OCSS created several behavioral interventions to address bottlenecks within the existing child support payment system.

The first three tests targeted parents who were not making payments through income withholding. The tested interventions included a new redesigned mailed notice and text messages reminding parents to pay. These tests were similar to those conducted in the earlier Franklin County study. However, the Cuyahoga County tests allowed the BIAS team to explore related but new research questions, more rigorously address some of the research questions from the earlier evaluation, and study whether the original findings would replicate in another setting.

The fourth test, aimed at addressing bottlenecks for parents with new child support orders, included a behaviorally informed “welcome letter” that used a more positive tone and provided visual cues and detailed information on how to start making child support payments. The letter also included clearer timelines and information about when income withholding would begin, for those who would be enrolled in withholding.

Test

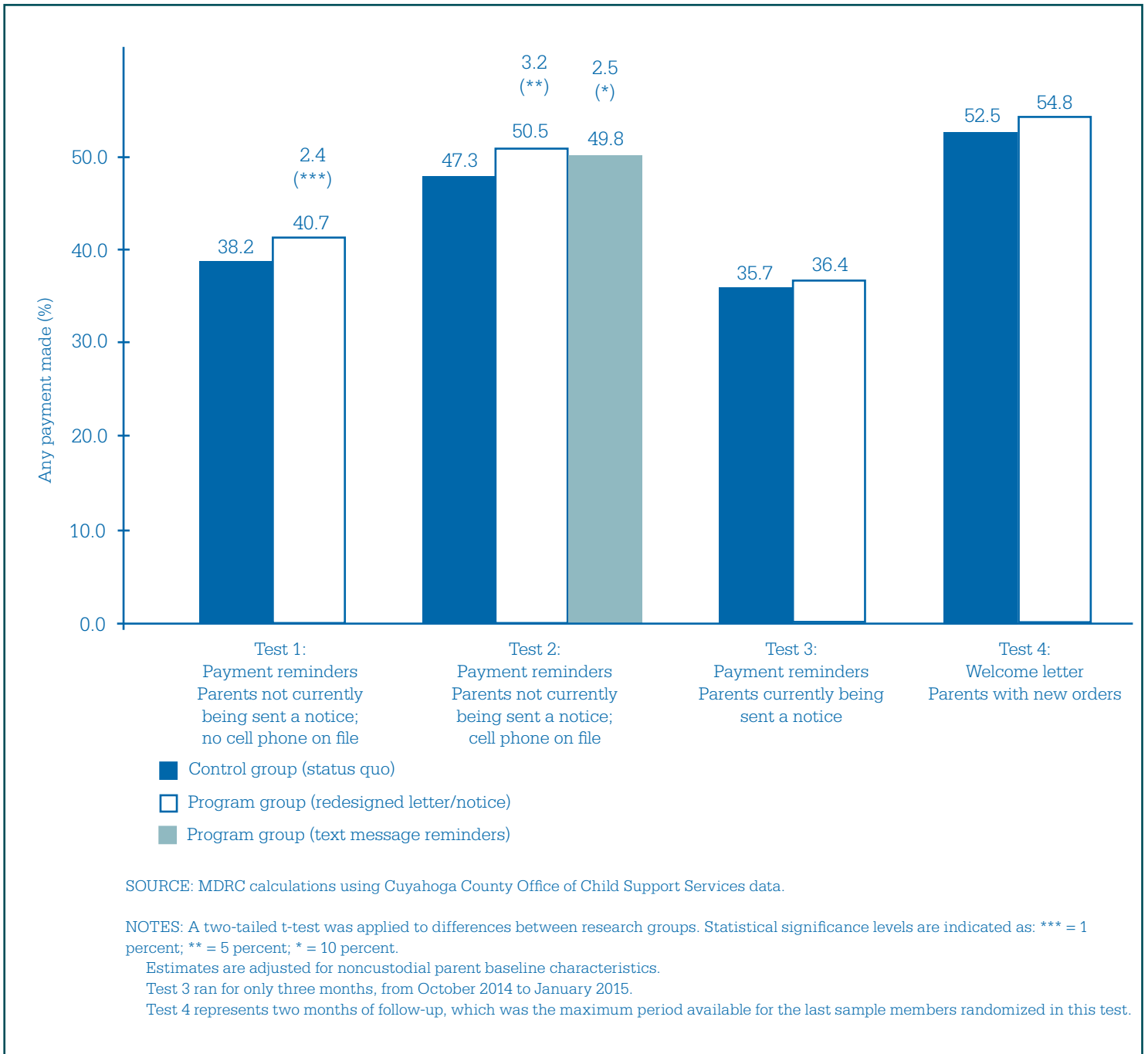
Tests 1, 2, and 4 began in September 2014, Test 3 began in October 2014, and all four tests ended in January 2015. Outcomes were tracked during the test months. Each of the tests addressed a different research question, and the findings are summarized in Figure ES.1. All of the tests used a random assignment research design to compare a program group or groups sent intervention materials with a control group sent status quo materials.⁶

5 The state, on behalf of the counties, generally sends payment reminder notices to parents without income withholding. Some parents have records of income withholding orders for their child support cases and therefore are not sent reminders; however, they are not making payments through the income withholding orders, most likely because the orders are based on inaccurate employment information.

6 The BIAS team tests behavioral interventions using a random assignment design, whereby some portion of a given sample is provided the intervention and the rest continues with business as usual. Randomized controlled trials are considered the most rigorous and accurate way to detect and evaluate the impact of an intervention.

FIGURE ES.1 CHILD SUPPORT PAYMENT OUTCOMES: SEPTEMBER 2014 – JANUARY 2015

CUYAHOGA COUNTY OFFICE OF CHILD SUPPORT SERVICES



Test 1: Do Reminders Lead to More Payments Relative to No Reminders?

This test focused on noncustodial parents who were not currently paying through income withholding, were not already being sent the existing state reminder, and did not have a cell phone number on file with OCSS. Parents were randomly split into a control group that was not sent a reminder and a program group that was sent a behaviorally informed payment reminder notice. The BIAS team redesigned the notice to include simplified payment instructions, the child's name to emphasize the purpose of the payment, and the fact that parents could make a partial payment.

Findings: Sending a reminder to pay increased the percentage of noncustodial parents who made a payment by a statistically significant 2.4 percentage points, from 38.2 percent to 40.7 percent. However, the increase in total dollar amount of collections per person, while similar in size, was not statistically significant.

Test 2: Do Text Messages or Mailed Reminders Lead to More Payments?

This test included noncustodial parents who were not currently paying through income withholding, were not already being sent the existing state reminder, and had a cell phone number on file. Parents were randomly split into three groups: a control group that was sent no reminder, a program group that was sent two text message reminders each month, and another program group that was sent the monthly redesigned notice from Test 1.

Findings: In this sample, both the mailed and text message payment reminders increased the percentage of noncustodial parents who made a payment by a statistically significant amount. Mailing a reminder to these parents increased the percentage who made a payment by 3.2 percentage points, from 47.3 percent to 50.5 percent, while sending text messages increased the percentage by 2.5 percentage points, from 47.3 percent to 49.8 percent. Total collection amounts did not increase for either group. The differences in likelihood of payment and collection amounts per parent between those sent text messages and those sent a mailed reminder were not statistically significant, which suggests that neither intervention was more effective than the other.

Test 3: Do Behaviorally Informed Reminders or Standard Reminders Lead to More Payments?

This test incorporated parents who were not currently paying through income withholding and who were already being sent a payment reminder notice from the state. Parents were randomly split between a control group who continued to be sent the existing state notice and a program group whose current state notice was replaced with the behaviorally informed notice from Tests 1 and 2.

Findings: The redesigned payment reminder notice did not increase the percentage of noncustodial parents making payments or the dollar amount of those payments. These findings suggest that there is no advantage to using the redesigned payment reminder notice over the current state payment reminder notice, despite the use of behaviorally informed language and postage-paid return envelopes that were included with the program group notices.

Test 4: Do Behaviorally Informed Welcome Letters and Payment Reminder Notices Increase Payments in the First Few Months After an Order Is Established?

For this test, the BIAS team redesigned Cuyahoga County's existing child support welcome letter. Parents with new child support orders were randomly split into a control group that was sent the existing welcome letter and no payment reminders, and a program group that was sent the behaviorally informed welcome letter and the monthly redesigned payment reminder notices from Tests 1, 2, and 3. The redesigned welcome letter clarified that income withholding would not begin immediately and that parents should submit payments until withholding started. It also included key information on how to send child support payments, had a more positive tone, and used timelines and visual aids.

Findings: The BIAS welcome letter and redesigned reminder notices did not result in a statistically significant impact on either the likelihood of parents making a payment or the amount paid during the study period. However, the sample size in this test (1,303 individuals) is many times smaller than those of the other tests and not large enough to detect very small payment differences of magnitudes such as those detectable in the other tests.⁷

Conclusion

The BIAS team and OCSS conducted four tests of behaviorally informed interventions intended to address potential bottlenecks related to the child support payment process. All of the interventions were low cost and easy to administer. The first two tests found that sending mailed and text message payment reminders to those who were not previously being sent one increased the percentage of parents making payments, which is notable given the targeted population's often sporadic payment history. The resulting payments translated into money those custodial families and the state may not have otherwise received. However, the additional payments did not increase collections per parent by a statistically significant amount. The third test found that a behaviorally informed payment reminder notice did not increase the likelihood of payment or collection amounts per parent relative to the existing state notice. In the fourth test, a redesigned welcome letter in conjunction with payment reminders was no more effective than the existing state welcome letter at increasing the percentage of parents making payments or the dollar amount of those payments for parents with new orders. The findings from these four tests are similar to those from the BIAS payment reminder tests in Franklin County. Overall, these tests suggest that any form of reminder to pay has a positive effect compared with no reminder at all, but there is no evidence that one form of reminder is more effective than any other.

These tests offer important lessons for child support agencies: reminders are an inexpensive and effective way to modestly increase the percentage of parents making payments. Since there was no evidence that the type of payment reminder matters as much as the existence of the reminder itself, child support agencies may wish to use the least expensive options.

While the low-cost behavioral nudges tested in Cuyahoga and Franklin counties were easy to administer, their impacts may speak to the limitations of behavioral nudges in some contexts. Noncustodial parents without income withholding present a unique challenge to child support agencies, given that their employer generally pays them outside of a typical payroll system, they have sporadic employment, or they are unemployed. Some noncustodial parents in these situations may simply be financially unable to make their current child support payments. Future research on how to increase collections could focus on other key areas that might have a significant impact on collections, such as employment services, order modifications, and parent-child engagement.

Behavioral economics provides a new way of thinking about the design of human services programs and a potentially powerful set of tools for improving program outcomes. The BIAS project offers the opportunity for continued hypothesis-testing grounded in behavioral economics and takes advantage of the low-cost, iterative nature of rapid-cycle experimentation. In addition to the Ohio child support research and work covered in earlier reports (see the list of previously published research at the back of this report), the BIAS project has completed evaluations with other partners, including the Los Angeles County (California) Department of Public Social Services, the Indiana Office of Early Childhood and Out of School Learning, and the Washington State Division of Child Support. Results from these evaluations will be published as they become available to further inform this rapidly developing field.

⁷ The minimum detectable effect is two to four times larger in this test than in the other tests.

EARLIER PUBLICATIONS

from the Behavioral Interventions to Advance Self-Sufficiency (BIAS) Project

Engaging Providers and Clients: Using Behavioral Economics to Increase On-Time Child Care Subsidy Renewals

2015. Alexander Mayer, Dan Cullinan, Elizabeth Calmeyer, and Kelsey Patterson.

The Power of Prompts: Using Behavioral Insights to Encourage People to Participate

2015. Nadine Dechausay, Caitlin Anzelone, and Leigh Reardon.

Reminders to Pay: Using Behavioral Economics to Increase Child Support Payments

2015. Peter Baird, Leigh Reardon, Dan Cullinan, Drew McDermott, and Patrick Landers.

Taking the First Step: Using Behavioral Economics to Help Incarcerated Parents Apply for Child Support Order Modifications

2014. Mary Farrell, Caitlin Anzelone, Dan Cullinan, and Jessica Wille.

Behavioral Economics and Social Policy: Designing Innovative Solutions for Programs Supported by the Administration for Children and Families

2014. Lashawn Richburg-Hayes, Caitlin Anzelone, Nadine Dechausay, Saugato Datta, Alexandra Fiorillo, Louis Potok, Matthew Darling, and John Balz.

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