

## **Executive Summary**

# **An Evaluation of the Kansas Child Support Savings Initiative**

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## Overview

The state of Kansas created the Child Support Savings Initiative (CSSI) in 2013 to help parents who owe child support pay off debt that is owed to the state while also saving for their children's future higher education.<sup>1</sup> The program aims to encourage parents to make qualifying deposits into tax-advantaged college savings plans — 529 accounts — administered by the state. In return, the parents receive matching reductions in their child support debts.

Kansas originally created CSSI only for parents who owed child support debts to the state. When Kansas decided it wanted to expand CSSI to debts owed the parents receiving child support, it needed to find an alternate source of funding to pay off those debts. It was able to do so in 2014 with funding from the W.K. Kellogg Foundation, and under that grant MDRC received a contract to provide technical assistance and conduct an evaluation in conjunction with the expansion.

MDRC applied insights from behavioral science to design and test solutions to address the program's primary challenge, which was that very few of the parents invited to participate in the savings program ever responded or enrolled. Over several years, Kansas and MDRC conducted two randomized controlled trials to test different methods of outreach and engagement, and made significant changes to the program's design and operations. While implementation research suggests that some parents found CSSI appealing, the first round of testing saw largely trivial effects and the second round saw none.

These results confirm other research that it is generally difficult to encourage low- and moderate-income individuals to save money. Parents in child support debt probably face even greater economic challenges than many low-income people, as they are struggling to pay their current child support payments and child support debt while meeting all their other life obligations. The target population for this study, parents who owed more than \$1,000 in child support debt, generally had no income or extremely low incomes.

Although it was challenging for this study to achieve effects, behavioral economics did play an important role for both Kansas and the research team. Both the state and research team have a clearer understanding of the challenges and opportunities related to addressing child support debt and encouraging savings for education. That said, the materials informed by behavioral science developed by the research team largely failed to get parents' attention, and even when they did, the program might not have been attractive enough and the program materials not able to overcome the gap between intention and taking action. The results of this study suggest that there are limitations in marketing child savings accounts to parents in child support debt and, perhaps, to low-income parents in general.

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<sup>1</sup>If a family is receiving Temporary Assistance for Needy Families, then child support payments are used to offset those benefits, and unpaid child support results in debt owed to the state.



## Preface

The Kansas Child Support Savings Initiative was designed to address two different, and difficult, challenges: reducing the child support debts of parents who are behind on their payments, and increasing educational savings for their children. Behavioral economics research by MDRC and others has shown that small changes in the environment can make it easier for people to act in ways that support their goals. Therefore, MDRC applied insights from behavioral science to address the fact that very few of the parents invited to participate in the savings program ever responded or enrolled. With funding from the W.K. Kellogg Foundation, the state of Kansas and MDRC conducted two randomized controlled trials over several years to test different methods of outreach and engagement, and made significant changes to the program's design and operations. The goal of the project was to get parents who owed child support debts to open educational savings accounts for their children, while simultaneously allowing these parents to reduce their debts. This report presents findings from these two rounds of testing.

Following a systematic approach called behavioral diagnosis and design, MDRC and Kansas devised several interventions to improve participation in the program, including redesigning outreach materials, seeding new accounts with money to get parents started, and using innovative outreach methods such as text messages. Through two rounds of testing, the impacts achieved by these interventions were very small. These results confirm previous research showing that it is generally difficult to encourage low- and moderate-income people to save. Parents in child support debt probably face even greater economic challenges than many other low-income people, as they are struggling to make their existing child support payments and pay down their child support debts while meeting all their other economic obligations.

While this study did not achieve meaningful results, the behavioral science work done in this project did provide insights into the challenges and opportunities related to addressing child support debt and encouraging savings for education. However, the study also demonstrated the limitations of behavioral science in addressing some of the problems faced by parents with significant child support debts, such as unemployment and low earnings. In the end, tying child support debt and college savings together in a single intervention was a difficult task.

Behavioral science provides a new way of thinking about the design of human services programs and a powerful set of tools to improve program outcomes. In addition to this work in Kansas, MDRC has completed significant behavioral science studies in many states. Even when there are no effects, these studies provide new information about how to advance child support and social service programs to better meet the needs of individuals and their families.

Gordon L. Berlin  
President, MDRC



## Acknowledgments

This report would not have been possible without the support of many individuals and organizations. The Child Support Savings Initiative (CSSI) was created by the Kansas Treasurer's Office and the Kansas Department for Children and Families. Melissa Johnson and Trisha Thomas in Child Support Services were instrumental to the launch of the project.

At the Kansas Department for Children and Families, we would like to thank Amy Burgoon, Sarah Zale, Ashley Dexter, Deanne Dinkel, Raynora Charles, and Melanie Alderson. They have been essential partners in the development of the CSSI program and the design of its evaluation, and put the study into operation in Kansas. We would also like to acknowledge and thank the many district staff members who helped organize site visits and recruited parents to meet with us. We also thank Dilip Soman at the Rotman School of Management at the University of Toronto for his insightful and invaluable assistance in understanding behavioral science bottlenecks and crafting interventions to address them. The MDRC Center for Applied Behavioral Science, headed by Nadine Dechausay, also provided valuable insights on behavioral economics and interventions to address the barriers to participation the team identified.

At MDRC, Dan Bloom, Caitlin Anzelone, and Carolyn Schultz provided thoughtful comments on several drafts of this report. Joshua Malbin edited the report and Ann Kottner prepared it for publication.

Finally, we extend our deep appreciation to the parents who gave generously of their time to participate in interviews, allowing us to learn from their experiences.

The Authors





## Executive Summary

The state of Kansas created the Child Support Savings Initiative (CSSI) in 2013 to help parents who owe child support pay off debts they owed to the state while also saving for their children's future higher education.<sup>1</sup> The program aims to encourage parents to make qualifying deposits into tax-advantaged college savings plans — 529 accounts — administered by the state. In return, the parents receive matching reductions in their child support debts. To enroll, a qualifying parent must pay in full the obligation he or she has incurred that month (the “current support”) and deposit \$25 to open a savings account. A parent can open an account for each child for whom he or she has a debt obligation. Then, as long as the parent pays the current support amount in full plus \$1 toward the debt, for every dollar deposited in an account, two dollars in child support debt owed to the state is forgiven.

Kansas originally created CSSI only for parents who owed child support debts to the state. A state can choose to forgive debt owed to it, and sometimes does if it believes the benefits of parents meeting certain conditions outweigh the costs of forgiving debt — as was the case with CSSI. However, more commonly, child support debt is owed not to the state, but to a custodial parent.<sup>2</sup> Only the custodial parent can forgive that debt. When Kansas decided it wanted to expand CSSI to debts owed to custodial parents, it needed to find an alternate source of funding to pay off those debts. It was able to do so in 2014 with funding from the W.K. Kellogg Foundation, and the foundation also granted MDRC a contract to provide technical assistance and conduct an evaluation in conjunction with the expansion. The program for those with debt owed to the other parent was similar to the program for those with debts owed to the state, except that every dollar deposited in an account was matched equally with a payment to the other parent, reducing the noncustodial parent's debt.

MDRC applied insights from behavioral science to design and test solutions to address the program's primary challenge, which was that very few of the parents invited to participate in the savings program ever responded or enrolled. Over several years, Kansas and MDRC conducted two randomized controlled trials to test different methods of outreach and engagement, and made significant changes to the program's design and operations. This report presents findings from these two rounds of testing.

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<sup>1</sup>If a family is receiving Temporary Assistance for Needy Families, then child support payments are used to offset those benefits, and unpaid child support results in debt owed to the state.

<sup>2</sup>A custodial parent is one who has custody of a child, and a noncustodial parent is one who does not. This report employs the term “noncustodial parent” to describe a parent who owes child support and “custodial parent” to describe one who receives it, because those terms are widely used in that way by child support policymakers and researchers. However, not all parents without custody owe child support and those parents who do owe child support may have joint or sole custody of their children.

## Diagnosis and Design Process

MDRC used a method called “behavioral diagnosis and design” to identify potential problems related to enrollment and engagement in CSSI and to develop low-cost changes intended to improve the process. The behavioral diagnosis and design process has several phases.

1. Define: The research team works with program administrators to define a problem of interest. In this case, the anticipated problem was low enrollment and engagement in the program. To assist in this definition, the research team and Kansas also ran a baseline pilot test.
2. Diagnosis: The research team studies each step in a program’s process in order to identify possible drop-off points or “bottlenecks” where the program is not achieving its desired outcomes. The team adopts the perspective of the program’s participants and staff to identify possible behavioral reasons for the bottlenecks — those related to individuals’ decision-making processes and actions, as well as aspects of the environment that influence behavior.
3. Design: The research team uses theories about why bottlenecks are occurring and other insights from behavioral science to design an intervention that can address those hypothesized reasons and improve program outcomes.
4. Test: The research team evaluates the intervention using rigorous scientific methods.<sup>3</sup>
5. Iterate: Finally, the researchers and program administrators ideally use the research findings to develop further changes to the program and intervention design, so the behavioral diagnosis and design process can repeat. This iteration allows for possible multiple rounds of hypothesis development and testing, and aims to connect the problem, behavioral bottleneck, and design solution in a coherent way.<sup>4</sup>

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<sup>3</sup>In most of its behavioral science studies, MDRC conducts tests using a random assignment design, where 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 effects of an intervention.

<sup>4</sup>For a more detailed discussion, see Chapter 2 of Lashawn Richburg-Hayes, Caitlin Anzelone, and Nadine Dechausay, *Nudging Change in Human Services: Final Report of the Behavioral Interventions to Advance Self-Sufficiency (BIAS) Project*, OPRE Report 2017-23 (Washington, DC: U.S. Department of Health and Human Services, Office for Planning, Research and Evaluation, 2017)..

## **Baseline Pilot Test**

To implement MDRC’s behavioral diagnosis and design process — and because it expected low engagement in CSSI — the research team began its behavioral diagnosis by running a nonexperimental pilot test. That test was meant to provide an estimate of a likely baseline participation rate for basic outreach methods and to help the team identify possible bottlenecks associated with the program. In the pilot test Kansas sent a mailer and reminder letter containing information about CSSI to 1,000 parents with child support debt owed to the other parent in two of the state’s largest counties. The mailers were sent out in mid-November 2014 and the reminder letters were mailed in late December. The findings from this pilot test supported the research team’s belief that this type of unobtrusive outreach strategy would generate very low enrollment rates (less than 2 percent).

## **Barriers to Participation**

MDRC conducted field research and interviews with noncustodial parents in Kansas to help understand why they might not participate in CSSI. Generally, the research suggested that some parents who currently pay their child support obligations and some portion of their debts would welcome the opportunity to also save for their children’s education. However, many parents with debts are likely to have trouble paying — many parents with child support debt are unemployed or underemployed, face employment barriers such as a lack of a high school education or a history of incarceration, and have no income or little income. To such parents this program was likely to be a tough sell.<sup>5</sup> The research team also found that the application and process of matching deposits created obstacles for many parents, and that it was probably best suited to those who already had some ability to pay their child support payments and debt. The team identified several barriers to participation, notably:

1. Parents may not receive or read the program outreach materials.
2. Parents may not understand the program outreach materials because they are so complex and text-heavy.
3. Parents may not be interested in the program, may be skeptical of the outreach materials, may not understand the benefits of CSSI, or may not have the mental resources necessary to make a commitment.

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<sup>5</sup>Elaine Sorensen and Chava Zibman, *To What Extent Do Children Benefit from Child Support?* (Washington, DC: The Urban Institute, 2000); Elaine Sorensen, Liliana Sousa, and Simone G. Schaner, *Assessing Child Support Arrears in Nine Large States and the Nation* (Washington, DC: The Urban Institute, 2007).

4. If parents are interested in the program, several “hassle factors” may keep them from engaging. Hassle factors are features or situational details that make a behavior harder to accomplish, in this case, for example, the need to mail or call to request an application.
5. Parents may struggle with the application materials due to their complexity.
6. If parents do sign up for CSSI, they still could encounter both logistical and economic barriers to their continued participation in the program.

## **Tests and Findings**

Based on findings from the pilot and behavioral diagnosis, the research team developed a variety of interventions informed by behavioral science to increase engagement in CSSI; those interventions were tested in two rounds of randomized controlled trials. The primary outcomes measured in this evaluation were short-term, focused on whether interventions informed by behavioral science would increase responses to the offer to participate in CSSI (measured as a request by phone or mail for more information about the program), and whether those interventions would increase the number of parents who opened accounts. The initial test began in December 2015. A second test (of interventions developed in response to findings from the first) began a year later.

### **Round 1**

The program-promotion materials for Round 1 of the study included flyers, a reminder letter, and tax-season-themed materials. The research team identified several areas where insights from behavioral science could be incorporated and tested. Outreach materials were significantly redesigned to address several of the main bottlenecks identified in the diagnosis stage. The research team also sought to enhance the program by “seeding” accounts (paying the \$25 minimum deposits required to open them using funds provided by the W.K. Kellogg Foundation) and offering in-person information sessions. Finally, the new intervention materials included a reminder during tax season informing parents that if their tax refunds were going to be intercepted by the child support agency to repay their debts, that money could be redirected to CSSI accounts and they could receive matching funds.

The team developed a four-arm research test (three program groups and one control group). This test included three elements:

1. The redesigned outreach materials
2. Account seeding

### 3. An offer of an in-person information session

Eligible noncustodial parents were randomly assigned to one of four groups who were sent different forms of the offer to participate in the CSSI program.

In the Round 1 test, the response rate of the group that received the new outreach materials was 0.6 percentage points higher than that of the group that received the state's original materials. This effect was statistically significant, but was fairly trivial and it did not result in an increased enrollment rate. The group that received the new outreach materials and account seeding components saw the largest increase in response rates, at 0.9 percentage points, but, similarly, this small increase did not result in increased enrollment.

## Round 2

The research team shared preliminary impact and implementation findings from Round 1 testing with Kansas and discussed ways the program could be revised to address the issues discovered in Round 1. MDRC suggested several changes to address the barriers to participation and other issues uncovered during that testing. Kansas agreed to the changes listed below. These changes were implemented in July 2016 and were made for the whole program, not only participants assigned to intervention groups in the second round of testing.

- **Revise the requirements to receive matching funds.** The revised requirements made it simpler to receive the match.
- **Increase the cap on matching payments per child to \$1,000.** It was hoped that a larger amount of money would be more appealing to parents and encourage more of them to participate.

MDRC also suggested developing and testing further improvements to the outreach materials. Kansas agreed to the following outreach strategy for Round 2:

- **Include an application with the outreach materials** in order to reduce hassle factors and reduce the steps required to open an account.
- **Seed all accounts with \$25** in order to reduce the hassles and economic burdens of opening an account.
- **Create a parent referral program.**
- **Use Kansas's texting services to reach parents.** In interviews, some parents suggested that texting might be a more effective way to reach people.
- **Produce a video explaining the requirements to receive matching funds.**

As in the first round, the primary outcomes measured in this round focused on whether these interventions informed by behavioral science would increase responses to the CSSI offer. None of the strategies tested in Round 2 resulted in a statistically significant impact on enrollment in CSSI. Nonexperimental, exploratory analyses suggest that the program changes MDRC recommended between Rounds 1 and 2 may have led parents to open savings accounts faster and to receive more matched payments in the form of deposits to those savings accounts.

## **Conclusion**

MDRC and Kansas implemented two rounds of interventions informed by behavioral science to address potential bottlenecks related to enrollment in Kansas' CSSI. The impacts achieved through these tests were minimal and largely trivial. These results confirm previous research showing that it is generally difficult to encourage low- and moderate-income individuals to save money. Parents in child support debt probably face even greater economic challenges than many low-income people, as they are struggling to pay their existing child support payments and child support debt while meeting all their other economic obligations. CSSI therefore faced significant barriers to enrollment, since it was a program aimed at those who have child support debt.

Although the interventions in this study did not achieve meaningful effects, behavioral economics did play an important role for both Kansas and the research team. The tools of behavioral economics clarified the challenges and opportunities related to addressing child support debt and encouraging savings for education. The study also demonstrated the limitations of behavioral science in addressing some of the larger problems faced by these populations, such as unemployment and low earnings. And while the study did not yield significant impacts on enrollment at any stage, it did result in several lessons for policymakers.

**Encouraging savings for college.** Given the economic and other challenges facing parents with child support debt, states may wish to explore programs that further reduce barriers to participation, including automatic enrollment with an option to “opt out” of the program, more aggressive account seeding, and automatic deposits. It might also help to offer educational savings opportunities in settings outside of child support agencies (schools, for example).

**Savings for different goals.** Child support agencies could explore developing debt-reduction and savings programs that may have more salient and immediate goals for parents. Saving for college is a distant and difficult task, even among those with more economic means. It is an interesting empirical question whether it might be more appealing to allow parents to save for items such as a car, a house, job training, or education.

**Ways to increase earnings and reduce debt.** Ultimately, lack of income is a primary cause of child support debt. Helping parents find jobs and increase their earnings may be the

best way to address child support debt. MDRC and other organizations are undertaking extensive research to understand the challenges in helping parents who owe child support achieve long-term employment and economic independence. So far, results have been mixed, and more research should be devoted to this important issue. Additional areas of research should include employment support, nonmonetary ways to reduce child support debt (through parenting time or by attending employment programs, for example), and other ways to improve child support outcomes for parents and children using ideas from behavioral economics and procedural justice (the idea that individuals' perception of the fairness of an administrative or legal process and how they are treated during it influences how they respond to it).

## **Looking Forward**

Behavioral science provides a new way of thinking about the design of human services programs and a powerful set of tools to improve program outcomes. In addition to this work in Kansas, MDRC has completed significant behavioral science studies in numerous states through its Behavioral Interventions to Advance Self-Sufficiency project, Behavioral Interventions for Child Support Services project, and other studies. Even when there are no effects in the areas studied, these studies provide new information about how to advance child support and social service programs to better meet the needs of individuals and their families.

## About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York; Oakland, California; Washington, DC; and Los Angeles, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff members bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-prisoners, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.