

*Executive Summary*

## **REMINDERS TO PAY**

# Using Behavioral Economics to Increase Child Support Payments

OPRE Report 2015-20

July 2015

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## Using Behavioral Economics to Increase Child Support Payments

OPRE Report 2015-20  
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## OVERVIEW

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 of the Administration for Children and Families 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.

This report presents findings from two behavioral interventions designed to increase the collection of child support payments in Franklin County, Ohio. The interventions were intended to increase the number of parents who made a child support payment, as well as increase the dollar amount of total collections per parent. In particular, the Franklin County Child Support Enforcement Agency (FCCSEA) was focused on noncustodial parents who do not have their child support payments automatically deducted from their paychecks, as these parents need to take action each month to make a payment. Using a process of behavioral diagnosis and design, the BIAS team found that over half of the parents who owed child support did not have a recent history of making payments via income withholding, and moreover, that many of these parents were not being sent regular payment reminders. The BIAS team hypothesized that reminding these parents to pay their child support could increase the occurrence and amount of their payments.

The BIAS team, in collaboration with FCCSEA, tested two low-cost payment reminder interventions for parents who did not have income withholding, using random assignment experiments over four months. The first test targeted parents to whom payment reminder notices were not being sent. The second test targeted parents who were already being mailed monthly payment reminder notices. This second test compared the effectiveness of a new payment reminder notice that incorporated behavioral principles with the current payment reminder notice being sent by Ohio's Child Support Payment Central (CSPC) — the state's payment processing center.

The first test found that reminders produced a modest but statistically significant increase of 2.9 percentage points in the number of parents who made at least one child support payment over four months. Compared with the control group payment rate of 48.5 percent, 51.5 percent of noncustodial parents who were sent a payment reminder made a payment. However, there was no statistically significant increase in total collections per person, suggesting that these additional payments were small. In the second test, the redesigned payment reminder notice and current CSPC payment reminder performed comparably, and no statistically significant differences in the number of parents paying or the dollar amount of payments were found. The findings reviewed in this report are consistent with the existing behavioral science literature, which demonstrates that reminders can influence people's actions. However, the modest findings suggest that the targeted noncustodial parents may have a limited ability to pay, or that the behavioral bottlenecks they face were not adequately addressed by the interventions.

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The Authors

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# 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 Franklin County Child Support Enforcement Agency (FCCSEA) collects approximately \$180 million in child support each year.<sup>1</sup> However, approximately one-third of the current support that is owed to custodial parents and the state is not collected.<sup>2</sup> While not every noncustodial parent has the ability to pay the full amount of support ordered, the agency's goal is to narrow the gap between the amount owed and the amount paid in order to increase the economic well-being of the custodial families it serves.<sup>3</sup>

This report presents findings from two low-cost behavioral interventions designed to increase the collection of child support payments in Franklin County, Ohio, which is home to the state's capital city of Columbus. The interventions were conducted over four months and used a random assignment design in which a sample of noncustodial parents without income withholding were divided between a control group that was sent no outreach other than the status quo, and program groups that were sent various intervention materials.<sup>4</sup>

## BIAS Diagnosis and Design Process

The BIAS team used a method called "behavioral diagnosis and design" to identify potential behavioral bottlenecks related to making a child support payment and develop low-cost, behaviorally informed changes intended to improve the payment process.<sup>5</sup> The behavioral diagnosis and design process is composed of four phases.

1. **Define:** The BIAS team defines the problem in a way that is precise enough to be testable.
2. **Diagnose:** The team collects both qualitative and quantitative data to identify factors that may be causing the problem, and uses the data to develop theories based on behavioral research about why bottlenecks are occurring.

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1 Franklin County Board of Commissioners, "Franklin County Celebrates Child Support Awareness Month," Press Release (Columbus, OH: Office of Public Affairs, Franklin County Board of Commissioners, 2013).

2 Franklin County Child Support Enforcement Agency, "Franklin Incentive Percentage Tracking Chart: FFY 2013" (Columbus, OH: Franklin County Child Support Enforcement Agency, 2013).

3 This report employs the term "noncustodial parent" because it is widely used 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 child.

4 Noncustodial parents whose income is withheld have their child support payments automatically deducted from their paycheck and sent directly to Child Support Payment Central (the state's payment processing center) on their behalf. Noncustodial parents without income withholding must actively plan to make a payment and follow through each month.

5 ideas42, an early partner in the BIAS project, developed a methodology called "behavioral diagnosis and design" for applying insights from behavioral economics to improve program outcomes. The process presented in this document, also called behavioral diagnosis and design, is a version that has been refined for the BIAS project.

3. **Design:** The team uses theories about why bottlenecks are occurring and other behavioral insights to develop an intervention.
4. **Test:** The team evaluates the behavioral intervention using rigorous scientific methods.<sup>6</sup>

The process is ideally iterative, allowing for multiple rounds of hypothesis development and testing, and aims to connect the problem, behavioral bottleneck, and design solution together in a coherent way.<sup>7</sup> The rest of this section describes how the BIAS team applied this process to the child support system in Franklin County.

## Define

FCCSEA was interested in increasing both the number of noncustodial parents making child support payments and the total dollar amount of those payments. In particular, FCCSEA was focused on improving the payment behavior of noncustodial parents who do not have income withholding, as these parents need to take action each month to make a payment. FCCSEA collects approximately two-thirds of current child support payments that are due, which is above the national average but short of the county's goals.<sup>8</sup>

## Diagnose

To address these issues, the BIAS team analyzed data on noncustodial parents' current monthly child support obligations, collection amounts, arrears, order modifications, and enforcement actions spanning three years, from March 2010 to February 2013; conducted focus groups and interviews with child support agency staff and clients to better understand their experiences with the child support system; and reviewed a variety of forms, letters, and flow charts relevant to the payment process, paying close attention to the clarity and tone of communications with clients.

Through this process, the BIAS team found that a significant number of parents — slightly over half of all noncustodial parents in Franklin County — were not making payments through income withholding, even though approximately 70 percent of all collections were the result of payments via this method. A noncustodial parent who does not have income withholding generally does not have any “attachable wages,” which means that the parent’s wages are not paid through a typical payroll system, the parent has no job or income, or the child support agency does not know about the parent’s employment. These noncustodial parents are responsible for manually making a child support payment each month, remitting payment by mail, online, or in person at the FCCSEA office. While Ohio’s Child Support Payment Central (CSPC) — the state’s payment processing center — was mailing a monthly payment reminder notice to some noncustodial parents who did not have income withholding, over 15,000 parents in Franklin County were not being sent any such notice. Based on interviews with parents and staff, the BIAS team hypothesized that the lack of reminder notices might result in fewer payments being made than would otherwise be the case. The team also hypothesized that the wording of the existing CSPC payment reminder notice could be confusing or discouraging to those who receive it.

The team identified six potential bottlenecks related to the child support payment process for noncustodial parents who do not have income withholding, and theorized behavioral reasons for the bottlenecks, as shown in Table ES.1. The behavioral terms that are used in the table appear in boldface and are defined in Appendix Table 1.

6 The BIAS team tests behavioral interventions 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 impact of an intervention.

7 For a more detailed description of behavioral diagnosis and design, see Lashawn Richburg-Hayes, Caitlin Anzelone, Nadine Dechausay, Saugato Datta, Alexandra Fiorillo, Louis Potok, Matthew Darling, and John Balz, *Behavioral Economics and Social Policy: Designing Innovative Solutions for Programs Supported by the Administration for Children and Families*, OPRE Report 2014-16a (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2014).

8 Office of Child Support Enforcement, *FY2012 Preliminary Report* (Washington, DC: Office of Child Support Enforcement, Administration for Children and Families, U.S. Department of Health and Human Services, 2013).

## TABLE ES.1 HYPOTHESIZED BOTTLENECKS AND BEHAVIORAL CONCEPTS

### FRANKLIN COUNTY CHILD SUPPORT ENFORCEMENT AGENCY

BOTTLENECK	BEHAVIORAL REASONS FOR BOTTLENECK
<ul style="list-style-type: none"> <li>Many noncustodial parents are not sent any reminder to pay.</li> </ul>	<ul style="list-style-type: none"> <li>Lacking a reminder, forgets to pay in a given month due to <b>prospective memory</b> failure</li> </ul>
<ul style="list-style-type: none"> <li>Noncustodial parents may receive a reminder but not open it, understand it, or find it helpful.</li> </ul>	<ul style="list-style-type: none"> <li>Does not open mail due to <b>inattention</b></li> <li>Disregards reminder as not <b>salient</b></li> <li>Avoids reminder due to the <b>ostrich effect</b> for child support matters</li> <li>Faces increased <b>cognitive load</b> as a result of confusing reminder</li> <li>Views potentially large arrearages total, which generates an <b>affec-tive response</b></li> <li>Suffers from <b>planning fallacy</b> because there is no explicit due date</li> </ul>
<ul style="list-style-type: none"> <li>Noncustodial parents may decide not to pay their child support.</li> </ul>	<ul style="list-style-type: none"> <li>Avoids information about child support obligation due to the <b>ostrich effect</b></li> <li>Experiences <b>affective response</b> due to feelings toward the other parent</li> <li>Views child support system through a negative <b>frame</b></li> <li>Believes noncustodial parents are not supportive parents due to <b>social influence</b></li> </ul>
<ul style="list-style-type: none"> <li>Noncustodial parents intend to pay, but may not effectively budget for their child support payments.</li> </ul>	<ul style="list-style-type: none"> <li>Exhibits <b>present bias</b>, weighing present concerns over future concerns</li> <li>Plans to pay but runs out of money due to <b>planning fallacy</b></li> <li>Has a high <b>cognitive load</b> as a result of stress, financial or otherwise</li> </ul>
<ul style="list-style-type: none"> <li>Noncustodial parents intend to pay, but may not remember to pay their child support.</li> </ul>	<ul style="list-style-type: none"> <li>Exhibits <b>inattention</b> and <b>prospective memory</b> failure related to when a payment is due</li> <li><b>Procrastinates</b> until deadline is missed</li> </ul>
<ul style="list-style-type: none"> <li>Noncustodial parents intend to pay but may encounter obstacles in making payments.</li> </ul>	<ul style="list-style-type: none"> <li>Encounters <b>hassle factors</b> associated with paying at the office, online, or through the mail via check or money order</li> </ul>

### Design

Based on the findings from the behavioral diagnosis and design process, the BIAS team and FCCSEA created two interventions to address the hypothesized behavioral bottlenecks. The interventions were designed to operate within the existing child support payment system, rather than create new processes. Each intervention focused on a different group of parents — the first targeted those without income withholding who *were not* being sent a payment reminder notice; and the second targeted those without income withholding who *were* being sent a payment reminder notice. The intervention materials included a number of behavioral techniques that were designed to address the identified bottlenecks in an effort to increase both the number of parents making payments and the total dollar amount of those payments.

### Test

The two tests ran concurrently from January 2014 through April 2014. Outcomes were measured for the months the tests ran, with no follow-up period. Both tests used random assignment to compare a program group or groups sent intervention materials with a control group sent no new materials.

## Test 1

A monthly reminder to pay was sent to noncustodial parents who did not have income withholding and were not already being sent any reminder to pay from CSPC. Both a written payment reminder notice and an automated phone call reminder, or robocall, were tested. Otherwise identical versions of a payment reminder notice created by the BIAS team with differing due dates were also tested to see if the time frame of the reminder had any impact on payment behavior. The robocall was tested both alone and in conjunction with each of the payment reminder notices. The test included five program groups and a control group, to which qualifying noncustodial parents were randomly assigned:

- a payment reminder notice and a robocall with a mid-month due date
- a payment reminder notice with a mid-month due date
- a payment reminder notice and a robocall with a late-month due date
- a payment reminder notice with a late-month due date
- a robocall only
- a control group (status quo — no payment reminder notice or robocall)

The impact of the various reminders on the number of noncustodial parents making payments, as well as the dollar amount of those payments, was evaluated using a fractional factorial design.<sup>9</sup>

## Test 2

Using the same payment reminder notice that was created for Test 1, Test 2 explored whether the redesigned payment reminder notice produced more payments than the current CSPC notice. The redesigned notice included simplified language, easy-to-follow instructions, and positive reinforcement. A sample of noncustodial parents who did not have income withholding, but who were already being sent a monthly reminder notice from CSPC, were randomly assigned to have their current CSPC notice suppressed for the intervention period and replaced with the redesigned notice from FCCSEA (program group). The number of noncustodial parents making payments in the program group and the dollar amount of those payments were compared with those of the control group, which continued to be sent the CSPC payment reminder notice.

## Study Findings

The findings from both tests are summarized in Figure ES.1.

### Test 1

Sending a reminder to pay produced a positive impact on one of the two key outcomes of interest: The number of noncustodial parents who made a payment increased by a statistically significant 2.9 percentage points.<sup>10</sup> However, the additional payments made were likely small, as the increase in total dollar amount of collections per person (\$27) was not statistically significant. Any form of reminder (mid-month or late-month payment reminder notice, robocall, or the combinations of the two) had a positive effect compared with no reminder at all. However, no one form of reminder was more successful in increasing payments compared with the others.

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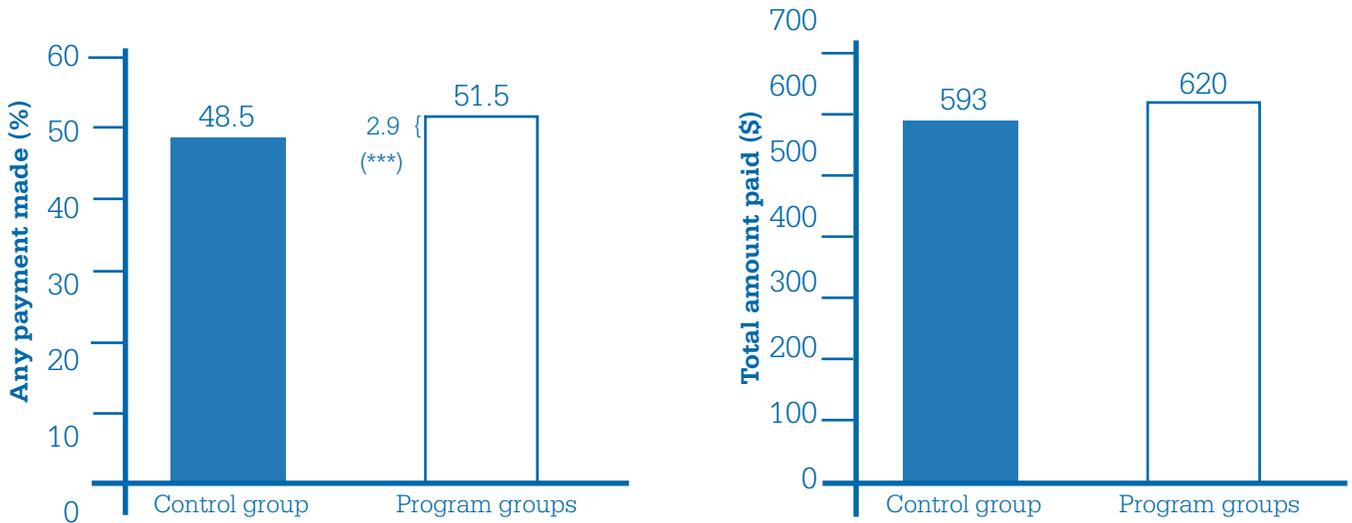
9 In a fractional factorial design, only select combinations of research groups are included in the design, instead of all possible combinations. Variation in time frame of the robocall was tied to the time frame of the notice in this study. For the group without a notice, only the later robocall was tested.

10 Statistically significant impacts are effects that can be attributed with a high degree of confidence to the program rather than to chance alone.

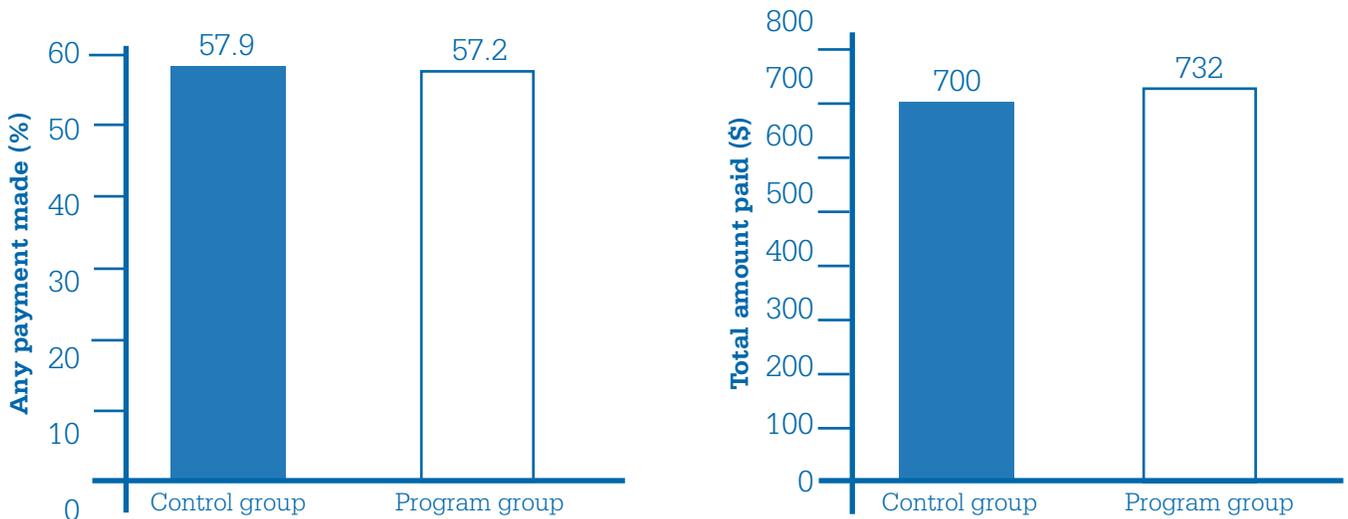
**FIGURE ES.1  
CHILD SUPPORT PAYMENT OUTCOMES: JANUARY–APRIL 2014**

**FRANKLIN COUNTY CHILD SUPPORT ENFORCEMENT AGENCY**

**Test 1: Noncustodial parents not currently being sent a notice**



**Test 2: Noncustodial parents currently being sent a notice**



SOURCE: MDRC calculations using Franklin County Child Support Enforcement Agency data.

NOTES: A two-tailed t-test was applied to differences between research groups. Statistical significance levels are indicated as:  
 \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

Estimates are adjusted for noncustodial parent baseline characteristics.

## Test 2

Findings from Test 2 show that the behavioral components included in the redesigned payment reminder notice did not lead to a statistically significant increase in the number 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 CSPC payment reminder notice, despite the use of behavioral language and postage-paid return envelopes that were included with the program group notices.

## Conclusion

The BIAS team and FCCSEA implemented two behaviorally informed interventions to address potential bottlenecks related to making a child support payment, with the goals of increasing both the number of parents without income withholding who make payments and the total dollar amount of their payments. These interventions, which were low cost (approximately \$2.50 per person) and easy to administer, had mixed results: The first intervention, sending a reminder to pay to those who were not previously being sent one, increased the number of parents making payments, which is notable given the targeted population's often sporadic payment history. The resulting payments translated into money that custodial families and the state may not have otherwise received. However, the additional payments were likely small and did not increase total collections by a statistically significant amount. The second intervention, a redesigned, behaviorally informed payment reminder notice, was no more effective than the existing CSPC payment reminder notice at increasing the number of parents making payments or the dollar amount of those payments.

Noncustodial parents without income withholding present a unique challenge to child support agencies because their employers generally pay them outside of a typical payroll system, they have sporadic employment, or they are unemployed. It may be difficult and cumbersome for these parents to plan to make a child support payment and follow through each month. It is possible that the redesigned payment reminder notice created by the BIAS team did not fully address the relevant behavioral bottlenecks and was therefore not as successful as another intervention may have been. Future studies in this area using different messages or interventions to address bottlenecks, and with longer follow-up periods to examine the potential for longer-term behavioral change, might yield more information on ways to encourage noncustodial parents to make child support payments.

However, many of these noncustodial parents may simply be financially unable to make a payment, potentially due to wrongly sized orders that do not match their current financial situations. Some child support orders are based on imputed income, or estimates as to what the child support agency or court thinks the noncustodial parent could earn in the job market. Individuals may also experience a change of job or job loss that creates difficulties in making child support payments. In order to maximize the effectiveness of behavioral interventions, child support agencies may want to consider ways to improve processes and policies related to aligning orders to noncustodial parents' current financial circumstances.<sup>11</sup>

## Looking Forward

Behavioral economics provides a new way of thinking about the design of human services programs and a potentially powerful set of tools to improve program outcomes. In addition to the work in Franklin County, the BIAS project has completed evaluations with other partners, including the New York City Center for Economic Opportunity, the Oklahoma Department of Human Services, the Los Angeles County (California) Department of Public Social Services, the Indiana Office of Early Childhood and Out of School Learning, Cuyahoga County (Ohio) Job and Family Services' Office of Child Support Services, and Washington State Division of Child Support. Results from these evaluations will be published as they become available to further inform this rapidly developing field.

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11 Yoonsook Ha, Maria Cancian, and Daniel R. Meyer, "Unchanging Child Support Orders in the Face of Unstable Earnings," *Journal of Policy Analysis and Management* 29, 4 (2010): 799-820.

# EARLIER PUBLICATIONS

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

2014. Mary Farrell, Caitlin Anzelone, Dan Cullinan, 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, John Balz.

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