

# **Preventing Child Support Arrears in Texas by Improving Front-end Processes**

By Elaine Sorensen and Tess Tannehill

The Urban Institute  
2100 M Street, N.W.  
Washington, D.C. 20037

December 29, 2006

This report was prepared with funding from the Texas Office of the Attorney General. The views expressed in this document are those of the authors and do not necessarily reflect those of the Urban Institute or its funders.

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	vi
I. INTRODUCTION .....	1
II. CHANGES TO THE ORDER ESTABLISHMENT PROCESS .....	4
A. Order Establishment Prior to the Demonstration .....	4
B. Proposed Automation Changes.....	5
C. Automation Changes Undertaken by the Demonstration.....	6
D. OAG Staff Comments about these Changes.....	8
E. New Training Modules Developed.....	10
F. Reminder Call Pilot.....	12
III. WHAT THE DATA SAY ABOUT THE AUTOMATION CHANGES TO THE ORDER ESTABLISHMENT PROCESS .....	20
A. Changes in the Referral and Approval Rates for CSRP .....	20
B. Changes in CSRP Conference Results .....	22
C. Changes in the Outcomes for those Given an Administrative Order at the CSRP Conference .....	25
D. Changes in the Number of Orders Established .....	27
E. Changes in the Time Between Case Opening and Order Establishment .....	30
IV. CHANGES TO THE ORDER ENTRY PROCEDURES .....	32
A. Order Entry Procedures Prior to the Demonstration .....	32
B. Proposed Changes.....	32
C. Changes Undertaken by the Demonstration .....	33
D. OAG Staff Comments About these Changes .....	33
V. WHAT THE DATA SAY ABOUT CHANGES TO THE ORDER ENTRY PROCEDURES.....	35
VI. CHANGES TO THE ISSUANCE OF INCOME WITHHOLDING ORDERS....	37
A. Issuing Income Withholding Orders Prior to the Demonstration .....	37
B. Changes Proposed.....	41
C. Changes Undertaken during the Demonstration Phase .....	42
D. OAG Staff Comments About these Changes .....	46

VII. WHAT THE DATA SAY ABOUT CHANGES TO THE ISSUANCE OF  
INCOME WITHHOLDING ORDERS ..... 47

VIII. OVERALL RESULTS REGARDING ARREARS ACCUMULATION..... 52

APPENDIX..... 54

## LIST OF TABLES

Table 1.	Number of Cases where Calls were Attempted and the Number of Calls Made, by Phase.....	13
Table 2.	Percent of Parents with Missing or Erroneous Phone Numbers .....	15
Table 3.	Number and Percent of Cases Referred to CSRP, Approved for CSRP, and Scheduled for CSRP Conference Among Newly Opened Cases that Needed an Order Established .....	20
Table 4.	Number and Percent of Cases Approved for CSRP, by Method of Approval .....	21
Table 5.	Conference Results for Newly Opened Cases Approved for CSRP .....	24
Table 6.	Conference Results for Newly Opened Cases After the Reforms, by Whether the Case went through the Automated Process.....	24
Table 7.	Number and Percent of Hearings Held for Cases With an Initial Administrative Order by the End of the Study Period Before and After the Reforms.....	25
Table 8.	Status of Initial Administrative Orders at the End of the Study Period Before and After the Reforms.....	26
Table 9.	Number of Orders Established within 6 Months and One Year of Case Opening.....	29
Table 10.	Number of Days it Took to Establish Orders from the time the Case was Opened, by Method of Establishing Orders.....	31
Table 11.	Days Taken to Enter Order Information onto the TXCSES for Newly Opened Cases with an Order.....	36
Table 12.	Number and Percent of Income Withholding Orders Issued and Number of Days to Issue Income Withholding Orders.....	48
Table 13.	Number and Percent of Newly Established Orders that Paid Child Support through Wage Withholding After Income Withholding Orders Were Issued .....	49
Table 14.	Average and Median Monthly Payments Among Newly Opened Cases with an AIW Order (Dollar amounts are expressed using 2006 dollars) .....	50

Table 15.	Average and Median Number of Days Between AIW Issuance and First Payment through Wage Withholding .....	51
Table 16.	Arrears Accumulation Among Newly Opened Cases with Orders Established by December 31, 2003 and February 28, 2006 (Dollar amounts are expressed using 2006 dollars).....	53
Appendix Table 1.	Demographic Characteristics of Custodial Parents and Earnings Characteristics of Non-custodial Parents Associated with the Cases Examined in this Report (Dollar amounts are expressed using 2006 dollars) .....	55

## LIST OF CHARTS

Chart 1.	Appearance Rates by Whether or Not Parents Received Reminder Calls .....	17
----------	---	----

## EXECUTIVE SUMMARY

The Texas Office of Attorney General (OAG), the state agency responsible for administering the child support program in the state of Texas, applied for and received an 1115 demonstration grant from the federal Office of Child Support Enforcement to prevent arrears from accumulating by improving its front-end processes. Specifically, they proposed to:

- 1) Improve and expand the use of the administrative process for establishing orders;
- 2) Improve the Texas computer system's order entry function; and
- 3) Improve the Texas computer system's issuance of income withholding orders.

This report describes the implementation of the demonstration project, examines whether the intermediate goals of the project were achieved and assesses whether the ultimate goal of the demonstration – to prevent arrears from accumulating in the first place – was reached.

It is important to note that most of the analysis conducted in this report is based on two narrowly crafted samples of cases from the Texas child support program, one drawn before the reforms and one drawn after the reforms. The first sample consisted of all cases opened between April 1, 2003 and September 30, 2003 that needed an order; the second consisted of all cases opened between June 1, 2005 and November 30, 2005 that needed an order.<sup>1</sup> We examined these two samples of cases rather than a larger portion of the caseload because we wanted to measure the ultimate goal of the demonstration -- to prevent arrears from accumulating in the first place. To accurately assess whether this and other intermediate goals of the demonstration were achieved, we needed to focus our analysis on newly opened cases that were drawn from a similar time frame before and after the reforms. Narrowing the sample in this way helped us isolate the potential effects of the reforms. But, this means that the numerical results

---

<sup>1</sup> See the appendix for descriptive statistics of the samples.

presented throughout this report only reflect the outcomes of these specific samples of IV-D cases. These results cannot be generalized to a broader set of cases.

### ***Changes to the Order Establishment Process***

As part of the demonstration project, OAG fundamentally altered the process of establishing orders in the Texas IV-D program, going from a highly judicial process of establishing orders to a process that establishes most orders administratively. Prior to the demonstration, OAG had legal authority to establish orders administratively, but relatively few orders went through the administrative process, called the Child Support Review Process (CSRP). Instead, most orders were established using the judicial process. Nonetheless, the average amount of time it took to establish an order under the administrative process was considerably less than it took through the judicial process. Hence, the objective of this project was to improve the operation of CSRP and expand its use.

To increase the use of the CSRP, OAG developed and implemented an automated system that determines whether new cases meet the criteria for automatic CSRP approval. If they do, the new system automatically schedules the CSRP conference and notifies the parties. If they do not, the new system creates a note for the OAG worker indicating why the case did not meet the criteria. The OAG worker then decides whether to continue pursuing CSRP or to send the case for judicial action.

The goal of automating the initial steps of the CSRP was to increase its use, which, in turn, was expected to reduce the amount of time it took to establish orders. If orders were established more quickly, OAG expected to reduce arrears accumulation, which was the ultimate goal of the demonstration.

We found evidence that re-engineering the CSRP did, in fact, increase its use, increase the percent of orders being established by OAG within six months of case opening, and reduce the amount of time between case opening and order establishment. Specifically, the number of newly opened cases that went through the CSRP doubled between 2003 and 2005. The number of orders established by OAG

within six months of case opening increased by 18 percent after the reforms were completed. Finally, the median number of days it took for OAG to establish orders after case opening declined by 23 percent.

OAG staff interviewed for the evaluation spoke of a cultural change in Texas regarding the order establishment process, which consisted of a dramatic shift in the preference of OAG staff to establish orders administratively. According to these interviewees, the cultural change first took place in the state office in 2002. The rationale given by the state office for this change was that establishing orders administratively was quicker, more efficient, and more family-friendly. The automation changes that took place in December 2004 as part of this demonstration made it possible for the field to fully implement this vision and embrace this cultural change. One Office Manager said that in 2002, his office did about three CSRP orders the entire year; now they average 116 CSRP orders per month.

### ***Changes to Order Entry Function on TXCSES***

OAG also improved the order entry function on Texas Child Support Enforcement System (TXCSES) as part of the demonstration project. Prior to the demonstration, if an order had to be corrected or updated, in most cases this meant that the order had to be deleted from TXCSES and re-entered. All deletions had to be approved and once approved they were run in overnight batch processing. OAG staff viewed this process as cumbersome and time consuming. As part of the demonstration, OAG made it possible to correct and update nearly all of the elements of an order without having to delete and re-enter the entire order.

The ultimate goal of improving the order entry process was to reduce the amount of time between the disposition of an order and entering the order information onto the TXCSES. By reducing this lapse time, OAG could issue income withholding orders and collect child support more quickly, which, in turn, would reduce arrears accumulation. We found, however, that the median and average number of days between the order disposition date and the order entry date for newly opened cases increased rather than decreased after the improvements to the order entry process. Thus, the improvements

to the order entry process do not appear to have reduced the average lapse time between order disposition and order entry for new orders. However, we should note that the percent of orders entered onto the TXCSES in less than a day increased by 10 percent after the improvements to the order entry process. Thus, these improvements appear to have made it possible to enter a larger percent of new orders onto the TXCSES in less than a day.

The improvements to the order entry function were associated with a major decline in the number of order deletions that are made each month. The OAG conducts monthly tabulations on the number of order deletions and these have declined since the completion of revising the order entry process. Thus, the changes to the order establishment process may not have achieved the goal of reducing the average time between order disposition and order entry, but they appear to have achieved the more immediate goal of reducing the need to delete and re-enter orders, which was the primary complaint expressed by the line-level staff involved with the order entry process.

These findings suggest that other factors, besides data-entry issues with the TXCSES, are contributing to the average lapse time between order disposition and order entry. OAG has begun to explore other ways to reduce this lapse time. One of the innovations being tried is to enter order information onto the TXCSES in the courtroom rather than at the local offices. According to OAG staff, this innovation appears to have real potential to reduce the lapse time between order disposition and order entry.

### ***Changes to the Issuance of Income Withholding Orders***

Since 2002, the OAG has been in the process of re-engineering the issuance of income withholding orders. This initiative, often referred to as the Employer Initiative by OAG, has fundamentally altered the issuance of income withholding in Texas. The key elements of this re-engineering that were undertaken as part of this demonstration were: continuing development of the Employer Repository; updating all employer/wage interfaces, monitoring and following up on AIW orders, improving the processing of AIW

orders, and implementing a single website that employers could use to meet all of their child support-related responsibilities.

OAG hypothesized that these changes to the AIW process would accomplish the following goals: 1) Increase the issuance of AIW orders; 2) Reduce the time it takes to issue AIW orders; 3) Increase in the number of cases with payments; and 4) Increase the amount of payments.

We found evidence that all of these goals were met during this demonstration. Specifically, 72 percent of newly established orders reviewed for this evaluation had an AIW issued by the end of the study period after the reforms were enacted, up from 69 percent two years earlier, a statistically significant difference. Furthermore, during this period, the median number of days between order establishment and the issuance of AIW orders declined by 20 percent for newly opened cases. Regarding payment rates, 84 percent of newly established cases with an AIW paid through income withholding by the end of the study period, up from 71 percent prior to the demonstration reforms, another statistically significant difference. Finally, the average monthly payments among newly established cases with an AIW increased by \$17 per month (measured in real terms), an 8.5 percent increase in payments between 2004 and 2006.

### ***Changes in Arrears Accumulation***

Not only did this demonstration project reach nearly all of its intermediate goals, it also reached its ultimate goal of reducing arrears accumulation among newly opened cases with an order. In 2006, newly opened cases that received an order within three to nine months of their case being opened owed, on average, \$1,664 in arrears during the third month after order establishment, down from \$1,845 two years earlier (measured in 2006 dollars), representing a 9.7 percent decline in arrears. Given the narrow definition of cases examined and the short time frame involved, these results suggest that the demonstration was successful in reaching its ultimate goal.

## I. INTRODUCTION

Between FY 1993 and FY 2003, child support arrears grew at an alarming rate in Texas. In FY 1993, Texas had over 4 percent of the nation's IVD cases yet its IVD cases owed less than \$300 million in arrears, representing less than 1 percent of the nation's arrears. Ten years later, Texas had 5.6 percent of the nation's IVD cases, but its IVD cases owed over \$9 billion in arrears, representing 9.6 percent of the nation's arrears.

The Texas Office of the Attorney General (OAG) recognized early on that assessing interest at 12 percent a year was contributing to arrears growth. The problem was alleviated when the Texas Legislature reduced the interest rate to 6 percent. This change went into effect January 1, 2002. The OAG also recognized that assessing retroactive support back to the date of birth was unduly burdening non-custodial parents with large arrears. The Texas courts no longer routinely award retroactive support back to the birth of the child. Absent exceptional circumstances, the court limits retroactive support to four years preceding the filing of the petition. Although these efforts have helped stem the tide of arrears growth, the OAG wanted to do more.

The OAG applied and received an 1115 demonstration grant from the federal Office of Child Support Enforcement to prevent arrears from accumulating in the first place by improving its front-end processes. The OAG hypothesizes that if front-end processes were improved, arrears would have less opportunity to accumulate.

The specific improvements envisioned as part of this grant were to:

- 1) Improve and expand the use of the administrative process for establishing orders;
- 2) Improve the Texas computer system's order entry function; and
- 3) Improve the Texas computer system's issuance of automatic income withholding orders.

The OAG wanted to improve and expand the use of the administrative process for establishing orders since orders were being established more quickly under the administrative process than the judicial process. Texas had an administrative process for establishing, enforcing, and modifying child support orders, called the Child Support Review Process (CSRP). However, it had not been used much by the field staff to establish child support orders. Field staff complained that cases often took longer to process through CSRP than the court because either party could always request a judicial proceeding. Thus, time spent scheduling, preparing, and holding conferences was simply wasted. Concerns had also been expressed about the computer system interface for this process, indicating that it was cumbersome and time consuming. Nonetheless, the average amount of time it took to establish an order under the administrative process was considerably less than it took through the judicial process. Hence, the objective of this project was to improve the operation of CSRP and expand its use.

The OAG also wanted to reduce the time it took to enter order information into the Texas Child Support Enforcement System (TXCSES). Enforcement actions cannot begin until this information is entered, and thus, it is a critical step in the process of collecting child support and reducing arrears growth. The process in place prior to the grant, however, was cumbersome and slow, creating a backlog of cases that needed order information loaded onto the computer system.

Finally, the OAG wanted to improve the issuance of automatic income withholding orders to shorten the time it took to obtain child support payments and increase the amount collected through employer withholding, thus reducing arrears growth. The OAG suspected that one reason that child support collections through employer withholding were below the national average in Texas was that employer information used to issue income withholding orders was either out of date or incorrect.

The purpose of this final report is to summarize the reforms undertaken as part of this grant and to measure the likely impact of these reforms on order establishment,

child support collections and arrears. Our approach to measuring these impacts is a pre/post design. In other words, we compare outcomes of interest before and after the reforms. If we find a large and statistically significant difference in an outcome after the reforms, we conclude that this result suggests that the reforms had their intended effect.

Since the primary aim of the grant was to improve upfront processes, we focus our analysis on newly opened cases that needed an order. The data prior to the intervention consists of all cases opened by the Texas IVD program between April 1, 2003 and September 30, 2003 that did not have any prior child support orders. Child support information on these cases through March 31, 2004 was provided for analysis. After the intervention, data were obtained for all newly opened cases that did not have prior child support orders between June 1, 2005 and November 30, 2005. Child support data on these cases included information through May 31, 2006.

We should note that the reforms undertaken as part of this grant affected a broader population than we analyze here and thus we are not measuring the entire effect of these reforms. Instead, we focus our analysis on newly opened cases since the primary goals of the demonstration were to improve upfront processes and thereby reduce arrears growth. In addition, by narrowing the type(s) of cases that we examined, we hoped to isolate the impact of these reforms from other possible changes affecting the child support caseload. We provide some descriptive statistics of the sample cases used in this analysis in the appendix.

## **II. CHANGES TO THE ORDER ESTABLISHMENT PROCESS**

### **A. Order Establishment Prior to the Demonstration**

Prior to the demonstration, Texas had two processes that could be used to establish an order – a judicial route or an administrative route, called the Child Support Review Process (CSRP). The decision to pursue an order administratively or judicially was generally determined by a Child Support Review Officer (CSRO). Although policy dictated that certain cases could not go through the CSRP, most cases could. Cases excluded from the CSRP were:

- 1) Foster Care Cases;
- 2) Cases in which either parent was a minor;
- 3) Cases in which family violence was indicated for any member on the case;
- 4) Initiating interstate cases.

If a case went through CSRP, parties were sent a notice through regular mail that indicated which issues the OAG was seeking to resolve through the CSRP and the time of the conference. The CSRO conducted the conference. If both parties agreed to the order, they signed it and it was sent to an Assistant Attorney General (AAG) for review. Once the AAG signed it, it was sent to the court for judicial signature and filing. If either party did not agree or did not show up to the conference, the CSRO could decide not to issue an order or to issue a non-agreed order. If a non-agreed order was issued, an AAG reviewed it. Once the AAG signed it, it was sent to the court. The court served the non-agreed order on the parties, typically in person by the Texas sheriffs or constables. The parties had 20 days to request a court hearing. If the parties did not request a hearing or did not show up at the hearing, the court signed the non-agreed order. If a hearing was scheduled, the court could approve the non-agreed order, amend it, or deny it.

Although most cases could go through CSRP for order establishment, relatively few did before the demonstration period.<sup>2</sup> Many field staff complained about the CSRP, saying that it was too cumbersome and time consuming to schedule, prepare, and hold CSRP conferences. Field staff were also frustrated because many of the cases that started in the CSRP often ended up going to court anyway because one of the parties would request a hearing, which meant the work and time involved in the CSRP was wasted.

## **B. Proposed Automation Changes**

The OAG believed that its heavy reliance on the court system to establish orders contributed to the accumulation of arrears because it took such a long time to get orders established through the courts. Below we show that it took, on average, 98 days to go from case opening to order establishment through CSRP prior to the automation of CSRP (table 10). In contrast, the average number of days for a newly opened case to get an order through the judicial process was 149 days. Thus, if more cases were established through CSRP, the lapse time between opening a case and obtaining a child support order would be reduced. This, in turn, would prevent the unnecessary accumulation of arrears in the early months of a case. Thus, the OAG wanted to improve CSRP, so that more orders would be established administratively.

Several reforms to CSRP were outlined in the original proposal. They were:

- 1) Automate the eligibility process for CSRP;
- 2) Automate conference scheduling; and
- 3) Automate the mailings of notices;

---

<sup>2</sup> Lewin Group. *Administrative and Judicial Processes for Establishing Child Support Orders*. June 2002. Prepared for the Department of Health and Human Services, Office of Child Support Enforcement <http://www.acf.hhs.gov/programs/cse/pol/DCL/dcl-03-15a.doc>

Other reforms that the project staff would consider were:

- 1) Conduct special CSRП training for OAG staff and perhaps, IV-D Court Masters, now called Associate Judges;
- 2) Write notices in a more customer friendly manner;
- 3) Take steps to educate the public about CSRП;
- 4) Refer non-custodial parents who appear at the conferences without work to local employment assistance services; and
- 5) Contact both parties by phone prior to a CSRП conference to remind them of the conference date and time.

### **C. Automation Changes Undertaken by the Demonstration**

One of the primary objectives was to improve the efficiency of the CSRП by automating its initial steps. Specifically, it proposed to automate the eligibility determination, the conference scheduling, and the mailings. These changes were not intended to alter the basic structure of CSRП; only improve its efficiency. The description of CSRП given above is still basically in operation.

The automated CSRП process went into effect on December 22, 2004. Now, cases can enter the CSRП process under the automated CSRП procedures or through traditional manual procedures. All newly opened cases are initially routed through the automated eligibility process. The exclusionary criteria for CSRП, which are listed above, are still in place. Thus, if a case meets one of these criteria, the CSRO will send it for judicial action. In addition to these criteria, the system has another 30 or so automated criteria that a case must meet in order to continue down the automated path. These criteria include:

1. The case is active;
2. There is not both an alleged father and a presumed father on the case;
3. The NCP has not been excluded as the father of the child through DNA testing;
4. There is an active confirmed full address in Texas for the CP;

5. There is an active confirmed full address in the United States for the NCP;
6. Neither address is a military address or known jail location;
7. Neither CP or NCP has an active jail record;
8. There is no legal action open or in progress for the case;
9. Both the CP and NCP must be the parents of the dependent;
10. The case should not have any other active orders;
11. The case cannot be a Responding interstate case;
12. At least one dependent must be under 18 years of age;
13. The NCP, the CP and all DPs must be alive;
14. The NCP is not the applicant;
15. There are 10 or fewer dependents on the case.

If a case meets all of the criteria (including those not specifically listed above), then the case will be automatically scheduled for a conference and a notice will be mailed through regular mail to the parties. Some local offices do not use the automated scheduler but, instead, allow the CSRO to schedule the conference and have notices electronically mailed. In addition, under the new automated system, notices are sent to every active address of the non-custodial parent, not just the most recent active address. If a case does not meet all of these criteria, the system creates a note to the CSRO indicating why the case did not meet the criteria. At this point, the CSRO must decide whether to continue pursuing CSRP or to send the case for judicial action.

These automation changes have fundamentally altered the flow of the order establishment process in Texas. Texas no longer has two separate routes for order establishment, where the judicial route is the dominate one. Now, the CSRP is the first step in the order establishment process in Texas. All newly opened cases that need an order established are routed first through CSRP eligibility. Of course, if a case is not handled by CSRP, it will be referred for judicial action, but every case is automatically reviewed first for CSRP.

#### **D. OAG Staff Comments about these Changes**

Interviews were conducted with two Office Managers, two CSROs, and one Case Initiation Worker about the CSRP changes. All of these staff members were exceedingly pleased with the new automated features in CSRP and thought it had definitely increased the number of orders being established through CSRP. The main reason given for this positive assessment was that CSROs no longer had to spend long periods of time reviewing cases to determine whether CSRP was appropriate for the case. Everyone agreed that these changes had made the CSRO's job much more efficient. Prior to the automated changes, one of the Office Managers said that he had 2 CSROs dedicated to reviewing cases to determine whether they should go through CSRP. Now, one CSRO reviews why cases are not going through the automated path.

All of the OAG staff members that were interviewed spoke of a cultural change in Texas regarding the order establishment process. From their perspective, the state office decided that CSRP should be used more frequently. The rationale given was that CSRP was quicker, more efficient, and more family-friendly. The state office also noted that using CSRP more frequently would improve Texas's performance on the new federal incentive measures, which stress establishing orders and operating efficiently. These respondents thought that this cultural change within the state office took place in 2002. But, everyone agreed that the automation changes that took place in December 2004 made it possible for the field to fully implement this vision. One Office Manager said that in 2002, his office probably did about three CSRP orders the entire year; now they average 116 CSRP orders per month. The other Office Manager said that prior to automation, his office was averaging about 30 CSRP orders a month; now they average about 50 a month.

We asked all five staff members if they could think of any other automation features that could improve the CSRP. One staff member said that many of the non-custodial parents have remarked that the letters being sent to them regarding the CSRP look like "junk mail" and they are not opening them. She suggested that the outside of

the CSRP letters should say something like “Contents Contain Official Business from the State Attorney General” to distinguish it from junk mail. However, this change would be very costly, as all documents mailed from the OAG use the same “window” style envelope.

Another goal of the demonstration was to increase parents’ understanding of the child support process through improved written documents. A flyer was added to the conference notice that explained the benefits of CSRP. All of the staff felt that this flyer was a positive addition to the CSRP letter. The CSRP letter itself is very simple, consisting of just two pages. It informs the parties that a conference is being scheduled to discuss a child support order for their child(ren), and it has a checklist of items that they should bring to the conference. One CSRO mentioned that many parents do not understand that an order can be established without their participation even though the CSRP letter says that it can. She wondered if it would make a difference in parental understanding of this issue if this section of the letter, which now appears at the bottom of page two, was moved up in the letter.

Another goal of the demonstration was to increase the appearance rate at the conferences. Interviewees were asked if they thought the appearance rate had increased and if so, why. All of the interview respondents thought that their appearance rates had improved since the implementation of the automated features and the introduction of the flyer, but they weren’t always sure what part of the change contributed to the increased appearance rate. One Office Manager thought that the cultural change was probably more responsible for the increased appearance rate than the flyer. Part of the cultural change was to view contact with the clients as a positive, rather than a negative, outcome. In fact, according to this Office Manager, the view has become “the more contact the better.” He thinks that workers in his office have seen the benefits of this process and are very aggressive about getting clients to use CSRP and show up for their conferences. The two CSROs from a different office thought that the flyer helped with the appearance rate.

We asked if they could think of any other changes that might increase appearance rates, such as longer hours. They thought longer hours would help, but they noted that longer hours would increase costs. They couldn't think of anything that would increase appearance rates that wouldn't also increase costs.

Another goal of the demonstration was to encourage local offices to refer unemployed and underemployed non-custodial parents to the Texas Workforce Commission (TWC). Both offices that we interviewed already had this practice in place prior to the demonstration. Both sites have written material about TWC services that they give to parents at the conference if it is needed. The respondents did not feel that they needed additional material about this issue.

## **E. New Training Modules Developed**

Another reform that the demonstration project implemented was the development of new training materials and the expansion of training opportunities for CSROs. The OAG already had a training course that was required of new CSROs. It started in 1994 as a pilot, but was thoroughly updated once the automation changes were completed. In addition, the OAG developed a new training course during the demonstration project that focused on teaching negotiation skills. Each of these courses are described below.

The first course, CSO 032, is for newly assigned CSROs. It is a 24-hour training course that is offered on an as-needed basis, but usually every two months. The objective of the course is to educate the newly assigned CSROs about the CSRP process and to train them to perform the specific elements of their job as a CSRO.

The second course, CSO 114, is for CSROs who have been on the job for six months or more. It, too, is a 24-hour training course that is offered quarterly. The objective of this course is to provide child support staff with a basic awareness of negotiation skills and a working knowledge of varying techniques used in negotiation.

***Review of Evaluations Submitted for CSO 114.*** We reviewed the evaluation forms for CSO 114 classes that were offered during April through June of 2006. The evaluations for the Advanced Negotiation Training in Texas were overwhelmingly positive. Participants were asked to use a five point rating system that ranged from (1) lowest to (5) highest to evaluate the course, focusing on three aspects: content, format, and instruction. The participants gave an average rating of 4.7 for the content of the course, 4.5 for the format of the course, and 4.9 for the instruction. Within the format category, participants were least satisfied with the length of the course, which they gave an average rating of 4.0. In general, participants thought the course should be longer than the 3 days allocated. Participants were the most satisfied with the instructors who taught the course.

In addition to evaluating the course based on content, format, and instruction, participants were asked to comment on what they felt was done well, and what should be done differently to improve the course in the future. With respect to what was done well, participants consistently stated how knowledgeable, well prepared, and well organized the instructors were. Additionally, they liked the time allotted for practice sessions and role-play, which gave them the opportunity to apply the skills that they were learning. Many also indicated that leaving time for discussion and feedback was critical to their understanding of the material. Several participants went on to say that, “this was the best training that I have ever had!” and “the instructors were terrific!”

Though participants were in general quite satisfied with the training, there was a consensus on what should be done differently to make it even better in the future. Everyone seemed to agree that the training needed to be longer, citing that there was too much to cover and not enough time. Additionally, many requested that there be short scheduled breaks every hour. Others thought that more props should be used for the CSRP role-playing, indicating that using such things as nametags for characters would make the presentation more clear. And, though in general people felt that using a tape recorder was a useful learning tool, they thought that everyone should have been taped before the taped material was played back to the group.

Lastly, participants were asked to fill out a learning assessment form to indicate how much their skills had improved over the course of the three-day training. Using a scale of (1) lowest to (10) highest, participants had an average skill level at the start of the class of 4.6 and an average skill level at the end of the class of 8.8. For example, prior to the class, participants rated their “ability to handle hostile communication” with an average score of 4.7, but after the class their average rating on this item increased to 8.3. Based on the course evaluations, comments, and learning assessments, participants seemed extremely satisfied with their training experience and felt that they had learned a great deal.

## **F. Reminder Call Pilot**

Another reform that was tested during the demonstration was conducting telephone calls prior to the CSRP hearing to remind parties of their hearing date and time. The grant application stated that these calls could be automated. Instead of piloting the automation of calls, a pilot project was created that had an employee in the state office conduct reminder calls and monitor the effectiveness of the calls. A report was written by the OAG that described the results of this pilot and discussed the trade-offs between continuing person-to-person calls and automating them.<sup>3</sup> The report concluded that the person-to-person reminder calls were very effective at increasing participation in CSRP conferences as well as generating a number of other positive outcomes, including improved customer service and more accurate locate data. Below, we summarize the report findings.

***Phases of the Project.*** There were three phases of this pilot each lasting two months and covering a select group of Field Offices. Phase I was limited to Establishment cases in the Dallas Region. Phase II and Phase III were expanded to include two regions and both establishment and enforcement cases. Calls began August 11, 2005 with the last call date of January 31, 2006. A total of 6,979 calls were

---

<sup>3</sup> Heidi Hof, *Child Support Review Process Reminder Call Pilot*. March 3, 2006.

made on 3,634 cases over a six-month period. See the table below for a breakdown of these calls for each phase of the project.

**Table 1. Number of Cases where Calls were Attempted and the Number of Calls Made, by Phase**

	<b>Number of Cases where Calls were Attempted</b>	<b>Number of Calls Made</b>
<b>Phase I, Region 4</b>	1255	2015
<b>Phase II, Regions 5 &amp; 7</b>	1603	3276
<b>Phase III, Regions 2 &amp; 8</b>	776	1688
<b>Totals</b>	<b>3634</b>	<b>6979</b>

**Automating Part of the Process.** Throughout Phase I of the project the information needed for documentation and reminder calls was obtained manually using TXCSES and CSINFO (Answer Center). This process was very time consuming. A MACRO was created at the end of Phase I that pulled all the data required for calling and initial documentation. The MACRO was implemented on October 1, 2005 and used throughout Phase II and III. Implementation of the MACRO resulted in at least a one-third reduction in the time required to prepare for calling and expedited documentation by eliminating the need for additional data entry. The MACRO allowed for added call volume and expansion, in Phases II and III, to include additional regions and enforcement cases.

**Making the Calls.** Most reminder calls were made one or two business days prior to the scheduled conference; calls were not made on weekends. Calls were made using the numbers on the DEMO (Demographics) screen. Each CASE ID was looked up on two other screens (the LGLD and CORR) to ensure that the reminder calls were appropriate. When the parent had been recently in contact with the office regarding the CSR, the individual was not called. Calls were also not made on cases with a documented Family Violence Indicator (FVI) or where the notes indicated a possibility of family violence. Some cases were scheduled for a conference on the automated CSR calendar, but CSR was no longer going forward. Thus, these parents were not called.

These cases were excluded from the total cases when calculating percentages of various results.

Calls were made to numbers classified on the DEMO screen as home, cellular and message only. Initial plans to report on the type of phone contact proved meaningless, as often the type of phone number was erroneously coded on the DEMO screen. For example, home numbers were categorized as cellular or message and vice versa. If a number was determined to be a wrong number or disconnected, the DEMO screen was updated. Also, if a new number was provided by an automated message or another party, that number was documented in DEMO.

Often, when a parent's voicemail was reached, the recorded message was unclear or non-existent making it difficult to determine if the number was correct for the intended party. If another party answered or a voicemail was available, a message was left for the party. When a parent was reached on the phone, or a voicemail was left, the standard message was as follows: "This is Heidi with the Office of the Attorney General calling with a reminder for *Jane/John* of *her/his* conference scheduled for *date and time*. The office address is \_\_\_\_and the office number is \_\_\_\_\_. Thank you."

The next table illustrates the percentages of parents who did not have a phone number available in DEMO, or whose available phone numbers were wrong or disconnected. Office 402, Fort Worth, had the greatest percentage of parents with no numbers available at 30 percent. Office 412, Lancaster, had the greatest percentage of parents unable to be contacted due to wrong or disconnected numbers. Uvalde, Office 208, had the largest combined percentage of parents with no number on DEMO or with a wrong or disconnected number at 54 percent. Often cases had numbers in DEMO that were wrong or disconnected, but another available number resulted in a successful contact. Those additional disconnects, etc. are not accounted for in this calculation.

Initially, one night a week calls were made until 7 pm with the presumption after hours calling could increase contact. However, the time of day a call was made

seemed to have no significant impact on the nature or success of contact, due to the prolific use of cell phones and voicemail availability. On subsequent attempts to call

**Table 2. Percent of Parents with Missing or Erroneous Phone Numbers**

<b>Local Office Number and Name</b>	<b>% No Numbers Available</b>	<b>% Wrong or Disconnected Numbers</b>	<b>Total % No Available Contact Number</b>
<b>Phase I, Region 4</b>			
402, Fort Worth	30%	13%	43%
403, Dallas	18%	25%	43%
404, Plano/Allen	14%	17%	31%
405, Arlington	21%	17%	38%
406, Dallas	7%	23%	30%
407, Dallas	23%	21%	44%
408, Fort Worth	16%	18%	34%
409, Dallas	27%	15%	42%
412, Lancaster	12%	34%	46%
<b>Phase II, Regions 7 &amp; 5</b>			
502, Beaumont/Liberty	9%	13%	22%
503, Longview	5%	17%	22%
504, Nacogdoches	5%	23%	28%
506, Tyler	9%	22%	31%
507, Paris/Greenville	11%	19%	30%
508, Texarkana	10%	24%	34%
509, Woodville	15%	15%	30%
702, Austin	14%	7%	21%
703, Austin	18%	15%	33%
704, Temple	10%	15%	25%
705, Waco	14%	18%	32%
706, Bryan	26%	13%	39%
707, Victoria	10%	18%	28%
<b>Phase III, Regions 2 &amp; 8</b>			
202, San Antonio	20%	13%	33%
203, San Antonio	18%	12%	30%
204, Jourdanton	18%	13%	31%
205, San Antonio	20%	13%	33%
208, Uvalde	23%	31%	54%
210, Eagle Pass	6%	12%	18%
211, San Antonio	16%	20%	36%
804/814, Midland	11%	17%	28%
805, Odessa	16%	17%	33%
808, El Paso	19%	7%	26%
810/807, El Paso	17%	10%	27%

parents that initially had not answered, some parties indicated they did not answer due to not recognizing the number on the caller ID. It appeared, especially in the Dallas region where the city has many area codes, that some “wrong numbers” and disconnects were due to the wrong area code being used. Dated and erroneous address information resulted in many mailed notices returned and often parents simply did not receive the notice; thus, the reminder call was the only notice received by the parent.

The individual making reminder calls for the pilot had limited knowledge regarding specific cases and local office protocols. For that reason, any inquiries related to the CSR process, including rescheduling requests, were referred back to the local office. As needed, emails with important information were sent to the contact person at the local office.

***Reminder Calls and Appearance Rates.*** According to the OAG report, there was a lack of consistent documentation in TXCSES regarding customer conference attendance and thus it was impossible to evaluate all cases in the pilot for conference attendance.<sup>4</sup> Thus, the evaluation of the reminder call pilot was limited to those cases where attendance could be determined. Analysis of attendance was conducted utilizing the data available from all three phases; there were 2047 cases available for this analysis. These data show that appearance rates were significantly higher among those customers who received reminder calls.

➤ **Appearance Rates were Higher Among Customers Who Received Reminder Calls**

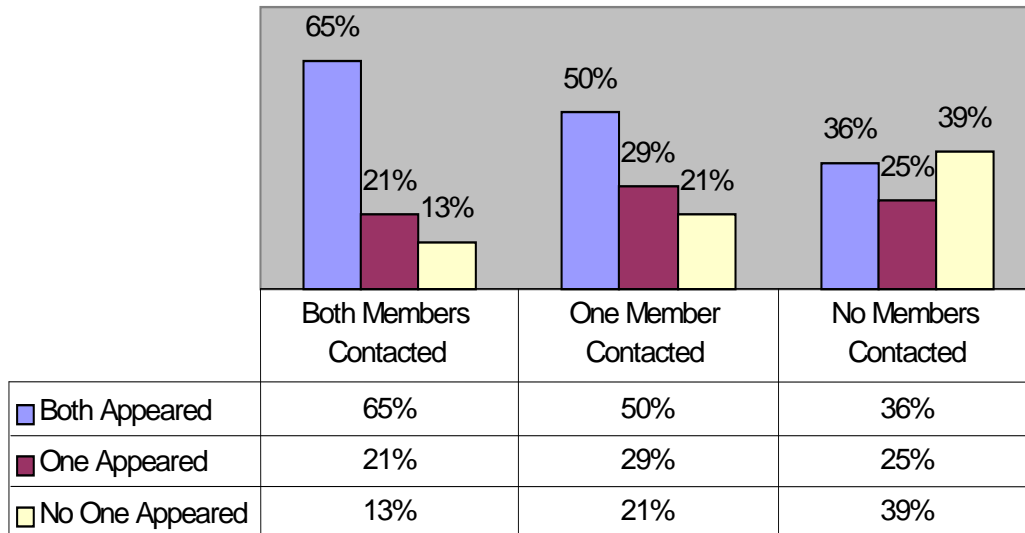
When both parties received a reminder call, 65 percent of the time both parties appeared at the conference (chart 1). In contrast, when neither party was contacted, 36 percent of the cases had both parties appear. In other words, when both parties were contacted they were almost twice as likely to both appear at the conference than when

---

<sup>4</sup> Heidi Hof, *Child Support Review Process Reminder Call Pilot* (March 3, 2006) page 1.

neither received a reminder call. Similarly, parties that were not contacted were three times as likely to not appear at their conference than parties who were both contacted.

**Chart 1. Appearance Rates by Whether or Not Parents Received Reminder Calls**



Although these findings suggest that reminder calls make a difference in appearance rates, they probably overstate the impact of reminder calls. This is because of what statisticians call selection bias. Even without the reminder call, people who received the reminder calls were probably more likely to attend the conference than people who did not receive the reminder call. People who received the reminder call were more likely to have an accurate phone number than people who did not receive the reminder call. However, people who have accurate phone numbers are probably more likely to have accurate addresses, which means they were probably more likely to have received the notice of the conference than people who were not contacted. Furthermore, people with accurate phone numbers and addresses probably have more stable lives than people who do not have accurate phone numbers and addresses, which makes it more likely that they would have attended the conference even without the reminder call. Thus, the results above probably overstate the impact of the reminder calls.

In addition to improving appearance rates, feedback from parents and the field offices indicated that the reminder calls had a great deal of value as a customer service provided to the parents. The reminder calls also created an opportunity to clean-up and update locate data for the parties and make additional assessments on the cases. Some calls resulted in a determination that it would not be appropriate or necessary to continue with the CSRP due to family violence, custodial issues, or other reasons.

***Manual or Automated Calls?*** This study found that there are clear benefits to using people to make the reminder calls versus an automated call system. The benefits of person-to-person calling included: improved customer service, opportunities for relationship building with the parents, increased “buy in” from the parents, opportunities to gather new information, expanded ability to pursue complex cases, and opportunities to clean up data and document findings. Of course, these benefits come at a relatively high price, which is the time involved for people to make the calls. Presumably, an automated system is cheaper to implement.

Another concern discussed in the report regarding an automated call system was the requirement that the called party must input a Client Inquiry Number (CIN), social security number (SSN) and/or a case number to receive the message from the automated system. The report concluded that if this level of security was needed for CSRP reminder calls, the effectiveness of the reminder calls could be severely limited. In the CSRP process, the cases are often new and the calls are not recurrent. Thus, the contacted parents, especially the noncustodial parents, are unlikely to have the CIN or Case ID readily available and unwilling to share their SSN with an automated calling system. If the system cannot validate the parent’s identity, another party answers, or when a voice mail is reached, the automated system simply states that the parent should contact the local office for information. A significant portion of CSRP reminder calls are likely to fall into this category, significantly limiting the number of successful messages conveyed.

The report also argued that the reminder calls would be more effective if they were generated from a local office or by a party empowered to evaluate the case, make judgments, and answer questions. In the CSRP Reminder Call Pilot, all parent questions were directed to the local office because the state person conducting the reminder calls was not in a position to answer parent questions. Thus, many reminder calls resulted in parents contacting the local office. If reminder calls were conducted by knowledgeable staff at the local office, the calls could be used as an opportunity to answer questions, do simple locate and make referrals to other staff as needed. It was noted in the report that many local offices were conducting person-to-person reminder calls because they found them to be very beneficial.

### III. WHAT THE DATA SAY ABOUT THE AUTOMATION CHANGES TO THE ORDER ESTABLISHMENT PROCESS

#### A. Changes in the Referral and Approval Rates for CSRP

Between April 1, 2003 and September 30, 2003, 59,305 IV-D cases were opened in Texas that did not have an existing child support order (see table 3). By May 31, 2004, 13,195 of these cases were referred to CSRP, representing 22.2 percent of the IV-D cases that had been opened during the initial study period. Two years later, a similar number of IV-D cases without prior child support orders were opened between June 1, 2005 and November 30, 2005 (59,072). However, by March 31, 2006, the number of cases referred to CSRP had nearly doubled to 25,696 cases, representing 43.5 percent of the IV-D cases that had been opened during the latter study period. Thus, the percent of newly opened IV-D cases in need of a child support order that were referred to CSRP increased from 22.2 to 43.5 percent, a 21.3 percentage point increase. This difference is statistically significant at the 1 percent level, meaning that the probability that this difference occurred by chance is less than 1 percent.

- **The percent of newly opened cases referred to CSRP, approved for CSRP, and scheduled for a CSRP conference all increased significantly during the study period.**

<b>Table 3. Number and Percent of Cases Referred to CSRP, Approved for CSRP, and Scheduled for CSRP Conference Among Newly Opened Cases that Needed an Order Established</b>				
	<b>Cases Opened in:</b>		<b>Percent Change</b>	<b>Difference</b>
	<b>2003</b>	<b>2005</b>		
Number of Cases Opened that Needed their First Order	59,305	59,072	-0.4	
Number Referred to CSRP	13,195	25,696	94.7	
% of Opened Cases Referred to CSRP	22.2	43.5		21.3***
Number Approved for CSRP	12,652	25,462	101.2	
% of Referred Cases Approved for CSRP	95.9	99.1		3.2***
Number Scheduled for CSRP Conference	12,262	25,080	104.5	
% of Approved Cases Scheduled for CSRP Conference	96.9	98.5		1.6***

Note: \*\*\* Indicates that the probability that the difference is due to chance is less than 1%.

The number of cases approved for CSRP increased even more than the number of cases referred to CSRP, increasing by 101.2 percent during the study period (table 3). This figure was slightly higher than the percentage increase in the number of cases referred to CSRP because the approval rate for CSRP increased during the study period. Prior to the reforms, 95.9 percent of newly opened cases that were referred to CSRP were approved for CSRP. After the reforms, this figure increased to 99.1 percent, increasing 3.2 percentage points, a statistically significant difference. In addition, the number of newly opened cases approved for CSRP that were scheduled for a conference increased by 104.5 percent during the study period. This figure was slightly higher than the increase in the number of cases approved for CSRP because the percent of cases approved for CSRP that were scheduled for a conference increased during the study period. In 2006, 98.5 percent of cases approved for CSRP were scheduled for a conference, up from 96.9 percent in 2004, a statistically significant difference.

➤ **The increase in the CSRP approval rate was due to the automated process.**

Nearly all of the increase in the number of newly opened cases going through the CSRP process came from the automated process (table 4). After the reforms, 11,744 newly opened cases, or 46 percent of those referred to CSRP, met the criteria for automatic approval and were scheduled for a conference. Another 13,718 newly opened cases were manually approved after the reforms, which was slightly higher than the 12,652 newly opened cases that were approved prior to the reforms.

<b>Table 4. Number and Percent of Cases Approved for CSRP, by Method of Approval</b>		
	<b>Cases Opened in:</b>	
	<b>2003</b>	<b>2005</b>
Number Approved for CSRP	12,652	25,462
Number Approved through the Automated Process	0	11,744
% of Referred Cases Approved through Automated Process	0.0	46.1
Number Approved through Manual Process	12,652	13,718
% of Referred Cases Approved through Manual Process	100.0	53.9

## **B. Changes in CSRP Conference Results**

- **During the study period, there was a 34 percent increase in CSRP conferences that resulted in administrative orders for newly opened cases.**

The number of newly opened cases that went to conference and resulted in an administrative order increased by 34.1 percent after the reforms were enacted (table 5). Prior to the reforms, 7,256 newly opened cases were approved for CSRP and had an administrative order initiated at the conference. After the reforms, that number had increased to 9,727 newly opened cases.

- **Agreed orders increased slightly more than non-agreed orders among newly opened cases.**

The number of newly opened cases that resulted in agreed orders increased by a larger percent than the number that resulted in non-agreed orders. Agreed orders increased by 36.3 percent after the reforms, while non-agreed orders increased by 27.5 percent (table 5). Although the percentage increase in agreed orders was larger than the percentage increase in non-agreed orders, the composition of administrative orders did not change that much after the reforms. After the reforms, 75.4 percent of the newly opened cases that resulted in an administrative order were agreed orders, up from 74.2 percent before the reforms.

- **The number of newly opened cases that were approved for CSRP but subsequently terminated increased by 315 percent.**

The reason that a doubling of the number of cases going through CSRP did not result in a doubling of the number of administrative orders being initiated at the CSRP conference is because, after the reforms, many more cases were being terminated from CSRP. In fact, the number of newly opened cases that were terminated from CSRP increased by 314.9 percent after the reforms (table 5). After the reforms, nearly half of the newly opened cases that were scheduled for a CSRP conference (47.7 percent) were terminated from CSRP. Prior to the reforms, only 23.2 percent of the newly opened cases scheduled for a CSRP conference were terminated.

Although the CSRP termination rate increased substantially after the reforms, we should note that cases terminated from the automated CSRP can still be processed manually through the CSRP. We measured termination rates from CSRP at six to twelve months after case opening. Although many cases had an order established by then, many did not as we discuss further below. Thus, it is possible that some of the CSRP terminations were converted into manual CSRP cases after the study period.

- **Newly opened cases that went through the automated process were more likely to be terminated from CSRP than those that were manually processed.**

The termination rate from CSRP was higher for newly opened cases that went through the automated process rather than the manual process. Nonetheless, both termination rates increased after the reforms. Forty percent of the newly opened cases that went through the manual process were terminated from CSRP after the reforms. The termination rate among newly opened cases that went through the automated process was 57.5 percent (table 6).

- **Newly opened cases that went through the automated process were less likely to have an administrative order initiated on their behalf than those that were manually processed.**

Newly opened cases that went through the automated process were less likely to have an administrative order initiated on their behalf than if they were manually processed. Forty-seven percent of the newly opened cases that were manually processed through CSRP had an administrative order initiated on their behalf, while only 29.4 percent of the newly opened cases that went through the automated CSRP process had an administrative order initiated on their behalf (table 6). One reason manually processed CSRP cases have a higher percentage of administrative orders than automated CSRP cases is because they include walk-in customers.

The composition of administrative orders did not vary that much between newly opened cases that were automatically processed and manually processed. In both cases, 75.4 percent of the cases that had an administrative order initiated on their behalf had an agreed order initiated.

**Table 5. Conference Results for Newly Opened Cases Approved for CSRP**

	Cases Opened between:								Percent Change
	April 1 and September 30, 2003				June 1 and November 30, 2005				
	Number	%	%	%	Number	%	%	%	
Newly Opened Cases Needing an Order	59,305	100.0			59,072	100.0			-0.4
Cases Approved for CSRP	12,652	21.3	100.0		25,462	43.1	100.0		101.2
Cases Scheduled for Conference	12,262				25,080				104.5
Had Conference Result	9,145	15.4	72.3		12,455	21.1	48.9		36.2
Initial Administrative Order	7,256	12.2	57.4	100.0	9,727	16.5	38.2	100.0	34.1
Agreed Administrative Order	5,382	9.1	42.5	74.2	7,337	12.4	28.8	75.4	36.3
Nonagreed Administrative Order	1,874	3.2	14.8	25.8	2,390	4.0	9.4	24.6	27.5
Parties No Show	1,889	3.2	14.9		2,728	4.6	10.7		44.4
No Conference Result	3,117	5.3	24.6		13,007	22.0	51.1		317.3
Cases Still in CSRP Process	188	0.3	1.5		472	0.8	1.9		151.1
Cases Terminated from CSRP	2,929	4.9	23.2		12,153	20.6	47.7		314.9

**Table 6. Conference Results for Newly Opened Cases After the Reforms, by Whether the Case went through the Automated Process**

	Automated Process				Manual Process			
	Number	%	%	%	Number	%	%	%
Cases Scheduled for Conference	11,744	100.0			13,336	100.0		
Conference Result	4,762	40.5	100.0		7,693	57.7	100.0	
Initial Administrative Order	3,453	29.4	72.5	100.0	6,274	47.0	81.6	100.0
Agreed Administrative Order	2,605	22.2	--	75.4	4,732	35.5	--	75.4
Nonagreed Administrative Order	848	7.2	--	24.6	1,542	11.6	--	24.6
Parties No Show	1,309	11.1	27.5		1,419	10.6	18.4	
No Conference Result	6,982	59.5	100.0		5,643	42.3	100.0	
Terminated from CSRP	6,758	57.5	96.8		5,395	40.5	95.6	
Still in CSRP Process	224	1.9	3.2		248	1.9	4.4	

### C. Changes in the Outcomes for those Given an Administrative Order at the CSRP Conference

OAG was interested in knowing whether the number and percent of initial administrative orders that had a hearing increased after the reforms. We found that, among newly opened cases, the number and percent of initial administrative orders that had a hearing did increase after the reforms. After the reforms, 13.8 percent of initial administrative orders had a hearing by the end of the study period (1,343 cases). Prior to the reforms, this percentage was just under 10 percent, or 716 cases (table 7).

Hearings increased among initial non-agreed orders and initial agreed orders. After the reforms, one third of initial non-agreed orders had a hearing by the end of the study period, up from 30 percent two years earlier, a statistically significant difference. Furthermore, the percent of initial agreed orders that had a hearing by the end of the study period increased from 2.9 percent to 7.5 percent between 2004 and 2006.

	Cases Opened in:				Percent Change	Difference
	2003		2005			
	Number	Percent		Percent		
Total Initial Administrative Orders	7,265	100.0	9,727	100.0	38.2	
With a Hearing	716	9.9	1,343	13.8	87.6	3.9***
Total Initial Non-Agreed Orders	1,874	100.0	2,390	100.0	27.5	
With a Hearing	559	29.8	796	33.3	42.4	3.5**
Total Initial Agreed Orders	5,391	100.0	7,337	100.0	36.1	
With a Hearing	157	2.9	547	7.5	248.4	4.6***

Note: \*\*\*, \*\* Indicate that the probability that the difference is due to chance is less than 1% and 5% respectively.

We were also interested in examining whether the status of agreed and non-agreed orders at the end of the study period changed after the reforms. We found very little change in the outcomes of agreed orders -- nearly all initially agreed orders retained that status both before and after the reforms. Prior to the reforms, 98.1 percent of initial agreed orders did not change statuses; after the reforms, this percentage figure dropped to 96.8 percent, a statistically significant decrease but not a large substantive

change. Among initial non-agreed orders, the percentage of cases that ended up with an agreed order by the end of the study period declined during this period. Prior to the reforms, 22.9 percent of the cases that had an initial non-agreed order ended up with a successful agreed order by the end of the study period. After the reforms, this percentage had fallen to 13.3 percent (table 8). In addition, a statistically significantly higher percentage of cases with an initial non-agreed order did not have a final order by the end of the study period after the reforms were implemented. Prior to the reforms, 30.6 percent of the cases that had an initial non-agreed order did not have an order by the end of the study period. After the reforms, this percentage had increased to 38.8 percent (table 8).

<b>Table 8. Status of Initial Administrative Orders at the End of the Study Period Before and After the Reforms</b>						
<b>Status of Orders at the End of the Study Period</b>	<b>Cases Opened in:</b>				<b>Percent Change</b>	<b>Difference</b>
	<b>2003</b>		<b>2005</b>			
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>		
Total Initial Agreed Orders	5,391	100.0	7,337	100.0		
No Order Yet	38	.7	104	1.4	173.7	0.7*
Successful Agreed Order	5,291	98.1	7,101	96.8	34.2	-1.3**
Successful Non-Agreed Order	13	.2	18	.2	38.5	0.0 <sup>~</sup>
Judicial Order	35	.6	82	1.1	134.3	0.5 <sup>~</sup>
Case Closed	14	.3	32	.4	128.6	0.1 <sup>~</sup>
Total Initial Non-Agreed Orders	1,874	100	2,390	100		
No Order Yet	573	30.6	927	38.8	61.8	8.2***
Successful Agreed Order	429	22.9	317	13.3	-26.1	-9.6***
Successful Non-Agreed Order	728	38.8	1,005	42.1	38.0	3.3**
Judicial Order	79	4.2	86	3.6	-8.9	-0.6 <sup>~</sup>
Case Closed	65	3.5	55	2.3	-15.4	-1.2**

Note: <sup>~</sup> Indicates that the difference is not statistically significant.

\*\*\*, \*\*, \* Indicate that the probability that the difference is due to chance is less than 1%, 5%, and 10%, respectively.

## **D. Changes in the Number of Orders Established**

- **The number of cases that received an order within six months of their opening date increased by 18 percent after the reforms.**

Prior to the reforms, 12,259 cases, or 20.7 percent of all newly opened cases, received an order within six months of their opening date (table 9). After the reforms, this figure increased to 14,516, representing an 18.4 percent increase in the number of cases that received an order within six months of their opening date.

- **The number of administrative orders established for newly opened cases within six months of their opening date increased by 38 percent after the reforms.**

After the reforms, 8,104 cases had an administrative order established within six months of the cases' opening date, which represented 55.8 percent of all orders established within this time frame (table 9). Prior to the reforms, 47.9 percent of the orders established within six months of the cases' opening date were administrative orders. This represents a 37.9 percent increase in administrative orders between 2004 and 2006.

During this period, successful non-agreed orders increased more than successful agreed orders. Specifically, successful non-agreed orders increased by 47.7 percent; successful agreed orders increased by 36.7 percent (table 9). However, non-agreed orders were a small percentage of orders established within six months of the opening date before and after the reforms. Before the reforms, 644 cases had a non-agreed order established within six months of the cases' opening date, which represented 5.3 percent of all orders established within this time frame. After the reforms, 951 cases had a non-agreed order established within six months of the cases' opening date, which is a 47.7 percent increase, but after the reforms, non-agreed orders represented only 6.6 percent of all orders established within six months of the cases' opening date.

- **The largest gain in orders was among cases that went through CSRP but were referred for judicial action.**

The largest increase in orders resulted among cases that went through CSRP but ended up being referred for judicial action and obtaining a judicial order. This type of order increased by 214 percent. However, the gain is large in part because relatively few orders followed this route prior to the reforms. Prior to the reforms, only 7.2 percent of the orders that were established for newly opened cases within the first six months of the case being opened had been referred by CSRP for judicial action. After the reforms, this figure increased to 19.1 percent. In other words, after the reforms, 19 percent of the orders established for newly opened cases within six months of their opening date were referred by CSRP for judicial action.

The other major avenue for obtaining an order prior to the reforms was to go directly to the court and obtain a judicial order. Prior to the reforms, 43.6 percent of orders for newly opened cases established within six months of their opening date were obtained in this manner. After the reforms, this figure dropped to 24.6 percent, a 33.2 percent drop in two years.

Prior to the reforms, a small number of newly opened cases were referred to CSRP but not approved (544) and some of these cases received an order through the court system within six months of their opening date (156). The number of cases following this path fell by 57 percent after the reforms. After the reforms only 234 newly opened cases were referred to CSRP and not approved and 68 of them received an order from the courts within six months of their opening date.

We also examined the outcomes of the newly opened cases at the end of our data. At that point, newly opened cases could have had an order established anywhere from 6 to 12 months of time after their opening date. When we examine this longer period, we find that the number of orders established for newly opened cases increased by 6.2 percent after the reforms (see lower portion of table 9). Thus, when the follow-up period is extended to at most one year after case opening, the increase in orders established is not as large after the reforms.

**Table 9. Number of Orders Established within 6 Months and One Year of Case Opening**

Outcomes for Newly Opened Cases	Within Six Months of Case Opening						
	Cases Opened in:						Percent Change
	2003			2005			
	Number	% of newly opened cases	% of orders	Number	% of newly opened cases	% of orders	
Newly Opened Cases	59,305	100.0		59,072	100.0		
Total with Order	12,259	20.7	100.0	14,516	24.6	100.0	18.4
Referred to CSRSP	13,195	22.2		25,696	43.5		94.7
Approved for CSRSP	12,651	21.3		25,462	43.1		101.3
Got an Order	6,760	11.4	55.1	10,877	18.4	74.9	60.9
Administrative Order	5,877	9.9	47.9	8,104	13.7	55.8	37.9
Agreed Order	5,233	8.8	42.7	7,153	12.1	49.3	36.7
Non-Agreed Order	644	1.1	5.3	951	1.6	6.6	47.7
Judicial Order	883	1.5	7.2	2,773	4.7	19.1	214.0
No Order Yet (and not closed)	3,091	5.2		12,417	21.0		301.7
Not Approved for CSRSP	544	0.9		234	0.4		-57.0
Got an Order	156	0.3	1.3	68	0.1	0.5	-56.4
Referred for Judicial Action	12,404	20.9		8,020	13.6		-35.3
Got an Order	5,343	9.0	43.6	3,571	6.0	24.6	-33.2
Not Referred to CSRSP or Judicial Action	33,706	56.8		25,356	42.9		-24.8
Case Closed	10,763	18.1		9,768	16.5		-9.2
Case Not Closed	22,943	38.7		15,588	26.4		-32.1
Outcomes for Newly Opened Cases	At Most One Year since Case Opening						
	Cases Opened in:						Percent Change
	2003			2005			
	Number	%	%	Number	%	%	
Newly Opened Cases	59,305	100.0		59,072	100.0		
Total with Order	16,178	27.3	100.0	17,183	29.1	100.0	6.2
Referred to CSRSP	13,195	22.2		25,696	43.5		94.7
Approved for CSRSP	12,651	21.3		25,462	43.1		101.3
Got an Order	8,167	13.8	50.5	12,512	21.2	72.8	53.2
Administrative Order	6,542	11.0	40.4	8,441	14.3	49.1	29.0
Agreed Order	5,801	9.8	35.9	7,418	12.6	43.2	27.9
Non-Agreed Order	741	1.2	4.6	1,023	1.7	6.0	38.1
Judicial Order	1,625	2.7	10.0	4,071	6.9	23.7	150.5
No Order Yet (and not closed)	3,091	5.2		9,573	16.2		209.7
Not Approved for CSRSP	544	0.8		234	0.4		-48.1
Got an Order	247	0.4	1.5	100	0.2	0.6	-59.5
Referred for Judicial Action	12,404	20.9		8,020	13.6		-35.3
Got an Order	7,764	13.1	48.0	4,571	7.7	26.6	-41.1
Not Referred to CSRSP or Judicial Action	33,706	56.8		25,356	42.9		-24.8
Case Closed	17,773	30.0		13,465	22.8		-24.2
Case Not Closed	15,933	26.9		11,891	20.1		-25.4

In addition, the gains in administrative orders are not as great once we focus on a longer time frame. Nonetheless, at the end of the study period, nearly half (49.1 percent) of the orders established after the reforms were administrative orders, up from 40.4 percent prior to the reforms (lower portion of table 9). Furthermore, the largest gain in order establishment was among cases that went through CSRP but received a judicial order. This group represented 23.7 percent of the orders established for newly opened cases in the follow-up period, up from 10 percent prior to the reforms. Finally, the number of orders established for newly opened cases that went directly to the judiciary declined 41.1 percent after the reforms. Only 26.6 percent of the orders established for newly opened cases during the follow-up period went this route, down from 48 percent prior to the reforms.

#### **E. Changes in the Time Between Case Opening and Order Establishment**

- **The median number of days it took to establish orders for newly opened cases dropped by 24 days after the reforms.**

The median number of days it took to establish an order for newly opened cases dropped by 24 days after the reforms. Prior to the reforms, the median number of days between case opening and order establishment was 105 days (table 10). In other words, half of the orders established were completed within 105 days of case opening; half were completed in more than 105 days. After the reforms, the median number of days dropped to 81 days. The average number of days between case opening and order establishment also dropped, from 123 days to 100 days, a statistically significant difference.

The reduction in days between case opening and order establishment occurred for two reasons. First, the increase in the number of orders established through CSRP contributed to the reduction because CSRP orders, in general, do not take as long to establish as judicial orders. The second reason that the time between case opening and order establishment declined is because both CSRP orders and judicial orders experienced a decline in the time it takes to establish orders between 2004 and 2006. The median number of days between case opening and order establishment among

cases referred for judicial action decreased from 135 to 119 days; the median number of days between case opening and order establishment among cases approved for CSRП decreased from 68 to 63 days. One explanation for the decrease in the median number of days between case opening and establishment order in judicial actions is that more space became available on judicial dockets as more and more cases went through CSRП.

<b>Table 10. Number of Days it Took to Establish Orders from the time the Case was Opened, by Method of Establishing Orders</b>			
	<b>Orders Established in:</b>		<b>Difference</b>
	<b>2004</b>	<b>2006</b>	
<b>All Orders Established for Newly Opened Cases</b>			
Average Number of Days	123	100	-23***
Median Number of Days	105	81	-24
<b>Those Approved for CSRП</b>			
Average Number of Days	98	89	-9***
Median Number of Days	68	63	-5
<b>Those Initially Referred for Judicial Action</b>			
Average Number of Days	149	129	-20***
Median Number of Days	135	119	-16
<b>Those Referred to CSRП but not Approved</b>			
Average Number of Days	168	151	-17**
Median Number of Days	167	152	-15

Note: \*\*\*, \*\* Indicate that the probability that the difference is due to chance is less than 1%, and 5%, respectively.

T-tests cannot be conducted on medians.

Table 10 also shows that cases referred to CSRП but not approved for CSRП took the longest time to establish orders both before and after the reforms. The median number of days between case opening and order establishment for this group of cases after the reforms was 152 days. But, table 9 (lower panel) shows that after the reforms only 100 cases followed this route and had an order established by May 31, 2006 when our data ends.

## **IV. CHANGES TO THE ORDER ENTRY PROCEDURES**

### **A. Order Entry Procedures Prior to the Demonstration**

Prior to the demonstration, in most situations, if an order needed to be corrected or updated, the Financial Specialist had to delete and re-enter the entire order. Deleting and re-entering an order could easily take seven days or more because of the numerous steps involved in the process. First, deleting an order had to be approved. Once it was approved, the deletion would have to occur at night, during batch processing. After the deletion had occurred, the Financial Specialist had to re-enter all of the order information. The re-entered order had to be approved. Once it was approved, it was sent again to batch processing. Re-entered orders were not necessarily given priority in batch processing and it could take two nights before it was entered onto the system. This cumbersome process contributed to the workload of the Financial Specialist, leaving less time to enter new orders onto the system.

### **B. Proposed Changes**

A primary aim of the demonstration was to improve the order entry procedures so that fewer errors were generated and less time was spent between establishing an order and entering the information onto the computer system. It was anticipated that these improvements would reduce the amount of time between order disposition and order entry. The proposal stated that staff working on the Arrears Prevention Project would thoroughly analyze the current order entry procedures and recommend system and procedural changes to improve the order entry procedures. The proposal anticipated that comprehensive procedures might need to be written, the sequence of fields on the relevant screens might need to be changed, and links to policy manuals might be needed. Once the Arrears Prevention Project staff began to review the order entry procedures in the field, they found that the biggest problem facing Financial Specialists was the need to delete and re-enter orders for subsequent changes to the order.

### **C. Changes Undertaken by the Demonstration**

The Arrears Prevention Project staff decided to enhance update capability within TXCSES so that nearly all order entry data fields could be updated without having to delete and re-enter the order. Prior to the demonstration, 14 of the 37 order entry data elements could be updated without deleting and re-entering the order.<sup>5</sup> The demonstration staff revised TXCSES so that another 17 of these data elements could be updated without deleting and re-entering the order.

These order entry changes have reduced the number of order deletion requests by one third. Prior to the procedure changes, 3,000 order deletions were requested per month; now 2,000 are being requested per month.<sup>6</sup> This reduces the amount of time Financial Specialists have to spend re-entering order information, it reduces the time lag involved in getting orders back onto TXCSES, it reduces processing time since less information is changed, and it reduces the time period for processing future payments.

### **D. OAG Staff Comments About these Changes**

Interviews were conducted with one Office Manager and two Financial Specialists about these changes. All of them thought that the number of errors being entered onto TXCSES and the amount of time to get orders onto TXCSES had declined in the past year. The two Financial Specialists attributed these changes to several factors. First, they said that the state had implemented a new Quality Control program two years prior that had contributed to the reduction in errors. They thought that prior to the Quality Control program, reviewers were not spending enough time reviewing orders before approving them, but they thought that had changed since the Quality Control program was enacted. They also thought that the automation changes discussed above contributed to a reduction in errors and a reduction in time in getting order

---

<sup>5</sup> The Business Requirements Definition for On-Line Support Order Corrections (BRD 7823v5) indicates that 15 fields could be changed without deleting and re-entering the order prior to the changes undertaken by the demonstration. However, one of them, the state code, could only be changed if the value was not TX before the change and after the change. Given the limited value of this change, we report that only 14 fields could be changed without deleting and re-entering the order prior to the demonstration. In addition, Karen Henson told us that there were a total of 37 order entry fields.

<sup>6</sup> These numbers are from Karen Henson, Business Analyst for the OAG.

information onto TXCSES. They thought the automation changes reduced their “busy work” and freed up their time to work on other things. They also thought that Financial Specialists were more tenured now and that contributed to more accurate data entry.

These Financial Specialists had two recommendations. First, they identified one additional data element on the order – the cause number – that they would like to be able to change without having to delete and re-enter the order. Second, they would like to see an electronic bulletin board created where Case Analysts and Financial Specialists can post “work arounds” and changes to the system.

## **V. WHAT THE DATA SAY ABOUT CHANGES TO THE ORDER ENTRY PROCEDURES**

For this analysis, we limited the universe of newly opened cases to those that received an order within three months of the end of the study periods (i.e. December 31, 2003 or February 28, 2006) to allow for time to enter the information onto TXCSES. This means that these cases had their orders established within at most nine months of their case opening date.

We found that the number of orders established for newly opened cases within at most nine months of their opening date increased by 19.2 percent (table 11). As table 11 shows, not all of these cases had a date when the order entry was completed. Prior to the reforms, 7.1 percent of these cases did not have an order entry date. After the reforms, this figure had declined to 4.6 percent. Since we need an order entry date to determine the time between the disposition of the order and the date the order is entered onto the TXCSES, we limited our analysis to orders with an order entry date.

Prior to the reforms, it took an average of 14.4 days to enter the information onto the computer system (table 11). However, this number is strongly affected by a relatively small number of outliers, which may reflect data entry errors. Fifty percent of the orders were entered within 4 days of their disposition date. After the reforms, the average time between the disposition date and the entry date increased to 16.8 days, a statistically significant difference. Furthermore, it took an additional day (5 days total) to enter fifty (50) percent of the orders onto TXCSES after the reforms. However, examining the average (and median) masks significant changes in the distribution of the time between disposition date and order entry date. After the reforms, the percent of orders entered in less than a day of their disposition date increased, from 10.3 percent to 11.3 percent, which is a positive outcome. On the other hand, the percent of orders entered in more than 7 days also increased, from 26.8 percent to 31.7 percent, which is a negative outcome. Thus, the reforms appear to have made it possible to increase the proportion of newly opened cases that had their orders entered onto TXCSES in less

than a day, but they did not reduce the median or average number of days that it took to enter newly established orders onto TXCSES.

<b>Table 11. Days Taken to Enter Order Information onto the TXCSES for Newly Opened Cases with an Order</b>						
	Difference	Order Established by:				Percent Change
		December 31, 2003		February 28, 2006		
		Number	%	Number	%	
Number of newly opened cases with an order		11,843	100.0	14,119	100.0	19.2
Number with order entry dates		11,004	92.9	13,464	95.4	22.4
<b>Number of days to enter Order onto TXCSES</b>						
Average	2.4***	14.4		16.8		
Median	1.0	4.0		5.0		
<b>Number of orders entered in:</b>						
Less than a Day	0.9**	1,132	10.3	1,516	11.3	33.9
1 Day	-3.8***	2,092	19.0	2,053	15.2	-1.9
2 Days	-1.3***	1,131	10.3	1,216	9.0	7.5
3 Days	-1.6***	710	6.5	654	4.9	-7.9
4 Days	-1.5***	864	7.9	853	6.3	-1.3
5 Days	-0.6*	786	7.1	891	6.6	13.4
6 Days	-0.8**	769	7.0	1,054	7.8	37.1
7 Days	1.9***	566	5.1	957	7.1	69.1
More than 7 Days	5.0***	2,954	26.8	4,270	31.7	44.5

Note: \*\*\*, \*\*, \* Indicates that the probability that the difference is due to chance is less than 1%, 5%, and 10%, respectively. T-tests cannot be conducted on medians. Some of the differences are different than anticipated due to rounding.

## **VI. CHANGES TO THE ISSUANCE OF INCOME WITHHOLDING ORDERS**

### **A. Issuing Income Withholding Orders Prior to the Demonstration**

Prior to the demonstration, the OAG estimated that 43 percent of all administrative income withholding orders (AIWs) were sent out incorrectly. The OAG believed that these errors were the result of the following factors – an outdated Employer File, outdated interfaces with outside agencies, and questionable logic in the AIW programming. Each of these problem areas is described below.

Prior to the demonstration, TXCSES had an Employer File that contained 1.4 million employers, while the OAG interacted with only about 119,000 different employers. One reason that the Employer File contained so many records is because the Employer File was not set up to retain different addresses for the same employer. Thus, each time an employer had a different address, a new record was added to the Employer File. One employer, for example, could have different addresses for serving non-custodial parents, sending income withholding orders, sending medical support notices, and requesting employment and earnings verification. Slight variations in the name of the employer also resulted in multiple records for the same employer. Although every employer has a FEIN (i.e. an employer ID), using this number along with the name of the employer had not been used to reduce duplicate records.

Texas had 17 different interfaces with outside agencies that had been developed over the years by different programmers with different goals. This lack of consistency across interfaces contributed to confusion and errors in AIWs.

The OAG reviewed the programming logic used to issue AIWs and found numerous errors in the logic, which resulted in sending out incorrect AIWs. One of the most obvious errors was that AIWs were being sent out to employers for non-custodial parents who were deceased. But other, less obvious errors were also occurring. For example, AIWs were being sent out in cases that had no active obligations or were

flagged for closure. In the end, it was found that insufficient checks were being made before an AIW was sent.

➤ ***OAG Starts Employer Initiative in the Fall of 2002***

Given the systemic nature of the problems with the issuance of AIWs, the OAG decided to undertake an Employer Initiative in the Fall of 2002. The primary goals of this initiative were:

- To recognize the important work that employers do to secure child support and medical support for families,
- To increase child support collected through income withholding by employers, and
- To improve customer service to employers who are partners in obtaining child support and medical support for families.

During the first year of this initiative, considerable outreach to the employer community was undertaken and many projects were started that significantly improved the functionality of the Employer File. Some of these projects were completed after the demonstration project began. These projects are described below.

***Project 1. Improve Timeliness of Quarterly Wage Data from TWC.*** The OAG worked with the Texas Workforce Commission (TWC) to implement new procedures that allowed TWC to send quarterly wage data to OAG monthly as it is reported. Previously, the TWC waited to provide wage information until all wages from employers for the quarter were reported and entered. This process delayed receipt of the data from four to five months after the wages were earned. Because of the age of the data, the OAG issued verification of employment letters before sending a wage withholding order to ensure non-custodial parents were still employed. This resulted in missed collections since non-custodial parents had often changed jobs by the time the income withholding order was received.

As a result of the new process with TWC, OAG was able to issue an average of 8,000 wage withholding notices per month in the second and third months after a quarter ends.<sup>7</sup> In addition, verification of employment letters are no longer sent prior to issuing a wage withholding order since the data are current. According to OAG, Texas collected over \$22 million due to improvements in quarterly wage data during fiscal year 2003. Ongoing collections average \$3 million per month.

**Project 2. Improve AIW Process with the Military.** During this period, the OAG worked with OCSE and the Defense Finance and Accounting Service (DFAS) to successfully implement the capacity to send income withholding orders electronically to the military. The new automated interface allows OAG to receive quarterly earnings and employment data from the military on a monthly basis and send AIWs electronically on a daily basis without having to send employment verification letters. In addition, the OAG worked with the military to reorganize its FEINS, so that one FEIN would be used per branch. According to the OAG, this project saved \$22,820 in mailing costs of AIWs and employment verification letters, plus resulted in more timely payments to custodial parents.<sup>8</sup> This development benefited the entire country. This initiative became operational in January 2003.

**Project 3. Improve AIWs with Other Large Employers.** After completing the military initiative, the OAG worked with two other large employers to establish electronic AIWs. The two firms were: Labor Ready, a large temporary employment agency, and HEB Groceries, a large grocery chain. These two initiatives were operational in October 2003.

**Project 4. System Edits to Increase the Accuracy and Timeliness of AIWs.** The OAG added several system edits to increase the accuracy and timeliness of the issuance of AIW notices. Changes were put in place that reduced: 1) the mailing of duplicate orders; 2) the number of orders sent on deceased parties; and 3) the number

---

<sup>7</sup> These numbers are from *OCSE Best Practices 2003*, "Texas Employer Initiative."

<sup>8</sup> See Ruben Barbosa, "Military Project" *Child Support Report* (December 2003).

of notices sent on cases that were flagged for closure. According to the OAG, these edits prevented issuance of 17,422 erroneous wage withholding notices between August 28, 2003 and November 12, 2003 and provided a cost savings of \$365,862 for postage and filing fees.<sup>9</sup>

**Project 5. Create Electronic Entity Interface Table.** During this period, the OAG created the Electronic Entity Interface Table (EEIT). The EEIT was viewed as a short-term enhancement that would provide some of the functionality that the Employer Repository would ultimately provide TXCSES. It was first developed as part of the military initiative. Once that initiative was complete, OAG staff went through the entire listing of employers on the TXCSES and checked all employer/FEIN combinations to determine which FEINS went with what employers and which locate address was the good AIW address. This information was then loaded into the EEIT so that accurate FEIN matching could be implemented. This resulted in the correction of 2 million records and the deletion of 900,00 duplicate, invalid or incomplete employer records.<sup>10</sup> The EEIT can also retain multiple addresses for the same employer, thus further reducing duplicate AIW notices. These enhancements became effective in November 2003. Once these clean up and enhancement activities to the EEIT were completed, three additional interfaces were linked to the EEIT -- State New Hire, National Directory of New Hire, and TWC/PCG.

**Project 6. Create Interface with a Large Provider of Employment Verification Services.** In the summer of 2003, the OAG entered into a contract with the TALX Corporation, the largest provider of human resource payroll and benefits verification services. The OAG developed an interface with the TALX Corporation in order to verify employment with TALX electronically instead of the roughly 2,000 employers that employ TALX to provide them with employment verification of their employees.<sup>11</sup> Prior to this initiative, 87 percent of the verification of employment letters sent to employers that utilize TALX were not returned to the OAG or were returned

---

<sup>9</sup> These numbers are from *OCSE Best Practices 2003*, "Texas Employer Initiative."

<sup>10</sup> These numbers are from *OCSE Best Practices 2003*, "Texas Employer Initiative."

blank with a referral note to contact TALX.<sup>12</sup> Now that the interface is complete, whenever a caseworker needs to verify employment and income, they will be able to generate a request that will be sent to TALX to verify employment and income from their repository. Responses from TALX are loaded onto TXCSES and available to the original user requesting the information. During the first four months of operation, the interface produced 6,530 wage withholding orders.<sup>13</sup>

**Project 7. Improve Employer Address Information.** Texas also implemented commercial software in September 2003, called Code 1, to perform address validation whenever new employer information is added to TXCSES. This software uses a post office database with all good addresses in the United States. Whenever an employer address is updated or added into TXCSES, the software automatically attempts to validate the address. If the address is “correct”, then the system will populate the “verified date” field with the current date. If the address is not “correct,” then the system will attempt to correct it. If the address cannot be corrected, the address will be used in the format it was received and the “over-ride function” will allow the fields to be populated with the current data. A message will be returned indicating why the address was not correct. This initiative became operational in May 2004.

## **B. Changes Proposed**

The OAG recognized that too much time was elapsing between order establishment and first payment, which was contributing to arrears accumulation. One of the factors contributing to this lapse time was the process that Texas had in place for issuing income withholding orders. They established the Employer Initiative in 2002 to improve this process, but the ideal reform – a comprehensive, fully functioning Employer Repository – needed greater resources. They saw this demonstration as a way to help Texas reach their ultimate goal – a comprehensive, fully functioning

---

<sup>11</sup> These numbers are from *OCSE Best Practices 2003*, “Texas Employer Initiative.”

<sup>12</sup> From Business Requirements Definition for Employer Data Match, Phase 1 (BRD 7271v3) March 7, 2003.

<sup>13</sup> These numbers are from *OCSE Best Practices 2003*, “Texas Employer Initiative.”

Employer Repository. Specifically, the arrears prevention proposal said that Texas would do the following:

- 1) Build an accurate and comprehensive Employer Repository;
- 2) Analyze and correct all electronic employer/wage interfaces;
- 3) Dedicate a team to monitor and follow up on wage withholding orders;
- 4) Work with the Texas Workforce Commission to add a “no longer employed” indicator on the quarterly wage records; and
- 5) Develop education materials for non-custodial parents.

### **C. Changes Undertaken during the Demonstration Phase**

During the demonstration period, the key developments that took place were: continued development of the Employer Repository, several improvements to the income withholding process, development of a portal for employers, called the Employer One-Stop, and the introduction of routine AIW follow-up calls to employers. Each of these accomplishments are discussed below.

***Continued Development of the Employer Repository.*** The OAG envisioned that the Employer Repository would contain a master list of employers that would correctly match employers using their FEIN and other information. The master list would include all of the relevant information about an employer, including their FEINS and all of their addresses. Ultimately, the Employer Repository would replace the existing Employer File and the newly created EEIT and be fully integrated into TXCSES.

The OAG started to build the Employer Repository in the fall of 2003 as a standalone database. The first task was to build the file structure. Once the file structure was finalized, updated data from the Employer File and the EEIT were transferred to the new Employer Repository.

Once the standalone Employer Repository was built, the OAG began working on the functionality of the Employer Repository. These efforts are currently on-going. The

key functionality that must be added to the Employer Repository is the ability for caseworkers to link non-custodial parents to the Repository. Specific enhancements that the OAG are currently working on include: adding screens so that caseworkers can link non-custodial parents to employer records, adding additional search criteria so the case workers can more easily identify correct employer records, and adding protections into the system so that caseworkers cannot add duplicate employers to the system.

The OAG also conducted a survey of certain employers in the Employer Repository in March 2006 to validate the information in the Employer Repository. This survey asked employers to verify the addresses that the Employer Repository had for them for each of the correspondence types. Any corrected data received from these employers was transferred to the Employer Repository.

**Analyze and Correct all Electronic Employer/Wage Interfaces.** In addition to building the standalone database, the OAG analyzed all of the interfaces that would be routed through the Employer Repository and developed final requirements for how to improve them. It also made enhancements to the TALX interface that automated more of the process and provided selection screens to identify the cases to be submitted.

Before the Employer Repository is fully operational, the OAG will need to implement the improvements to the interfaces and reroute the interfaces through the Employer Repository. It will also need to convert the current employer file into the new Employer Repository. The OAG does not expect the Employer Repository to be fully operational until March 2007.

**Dedicate a Team to Monitor and Follow up on Wage Withholding Orders.** As part of the demonstration, the OAG began conducting follow-up calls to employers once AIW notices were issued. These calls were found to be very useful and thus they have become an operational practice.

OAG dedicated a staff person to monitoring reports generated by the existing employer file and the EEIT to see if any problems emerged with the issuance of AIWs. It also assigned two staff members who worked part-time on monitoring errors with the interfaces.<sup>14</sup> These monitoring functions were also found to be useful and have become part of operational practice.

***Improvements to the Income Withholding Process.*** Two major improvements to the wage withholding process were completed during the demonstration phase. First, the OAG discontinued using AIWs with zero dollar amounts as the way to tell employers that an AIW was terminated. Now it sends a wage withholding termination letter to the employer that explains the obligation has ended and that the employer no longer needs to withhold child support. The custodial parent and non-custodial parent are also sent termination letters.

Second, it added the same edits to the manual AIW process that had been added to the automated AIW process prior to the demonstration. These edits warn the caseworker using the manual AIW process that the order has failed one of the edits used in the automatic AIW process. There are ten criteria that could result in a warning to the caseworker. They are:

- 1) No current or pending address for the NCP;
- 2) The case is an initiating interstate case;
- 3) The case has no active obligations;
- 4) The case is deferred;
- 5) The case type is MAO-Opted Out;
- 6) The NCP or CP are deceased;
- 7) The NCP filed for bankruptcy;
- 8) The case has a pending support order; and
- 9) The AIW remedy has been suppressed;
- 10) The AIW is a duplicate.

---

<sup>14</sup> Based on information from Ruben Barbosa, Manager for OAG, August 25, 2005.

Once the edits are complete, a pop-up display lists all of the warnings that were encountered. A caseworker then decides whether or not to proceed with the AIW.

These changes to the wage withholding process became operational in May 2005. The OAG estimates that the new edits prevented the issuance of over 7,000 AIW notices for a cost savings on postage and court filing fees of \$135,000. In the first month of operation, the new termination process saved over \$7,800 in postage and court filing fees.<sup>15</sup>

***Employer One Stop Project.*** The purpose of the Employer One Stop project was to create a single website that employers could use to accomplish all of their child support-related activities and communication. All employer interactions with the OAG would be initiated through a single location.

The OAG recognized how difficult it could be for employers to comply with their child support-related requirements. Previously, employers had multiple processes they had to use to access, transit, and receive information from OAG. For example, employers went to one website to enter medical support information, another to submit child support payments, and another to submit new hire information. Each website had a different format and the information collected on one website was not available to other websites. Thus, employers had to submit the same information to multiple sources in different formats, using a different sign-on for each application. This contributed to errors and out-of-date information, which, in turn, led to delays in establishing, collecting, enforcing and disbursing child support. Furthermore, employers were often confused and frustrated.

To achieve a single website for all child support-related functions that employers are involved in, OAG had to migrate all of the vendors who operated separate child

---

<sup>15</sup> From a presentation by Myra Sines entitled "Texas Arrears Prevention" given at the 54<sup>th</sup> Annual Training Conference of the National Child Support Enforcement Association. August 2005.

support functions for OAG onto the single website. This meant that all employers and vendors would have access to the same online information. In the process of building this website, the automated tools that employers used to submit data were enhanced and the capabilities to download and retrieve data were expanded. Now employers can submit new hires, termination notices, verification of employment, medical support information, updated employer information, and child support payments through the Employer One Stop. In addition, there is an incredible amount of information for employers about each of these and other child support functions that employers are involved in.

***Proposed Changes that Were Not Undertaken.*** Two of the proposed changes did not occur. The OAG met with the Texas Workforce Commission (TWC), but the TWC said that it was not possible to add a new variable to the quarterly wage file that indicated an employee was no longer employed by the employer. In addition, all of the demonstration resources that were suppose to go toward improving income withholding orders were allocated to the development and implementation of the Employer Repository and the wage withholding improvements discussed above. Thus, the OAG was not able to produce outreach material for non-custodial parents.

#### **D. OAG Staff Comments About these Changes**

We interviewed Ruben Barbosa, the Manager of this component of the demonstration. We asked him what changes he thought we should expect to see as a result of the changes that have been implemented thus far under this part of the demonstration. He noted that their ultimate achievement – a fully integrated Employer Repository -- is not expected to be operational until March 2007. Nonetheless, he expected that changes made before the demonstration ends in September 2006 would result in more timely AIWs, more timely first payments, and more paying cases.

## **VII. WHAT THE DATA SAY ABOUT CHANGES TO THE ISSUANCE OF INCOME WITHHOLDING ORDERS**

In this section, we measure changes in the number and timeliness of income withholding orders and the amount and timeliness of payments after the issuance of income withholding orders. For this analysis, the pre-reform data consist of all cases that were opened between April 1, 2003 and September 30, 2003 that needed an order established and had an order established by December 31, 2003. Cases for the post-reform period consist of all cases opened between June 1, 2005 and November 30, 2005 that needed an order established and had an order established by February 28, 2006. These time frames mean that there is at least three months to issue the income withholding order and to collect child support before the data end.

- **The percent of newly established orders with an income withholding notice increased from 69 to 72 percent during the study period, a statistically significant difference.**

The percent of newly opened cases with orders established that were issued income withholding orders by the end of the study period increased from 69.0 percent to 71.6 percent between 2004 and 2006, a statistically significant difference (see table 12). This increase was driven by a sharp rise in manual income withholdings (IWs) orders issued in 2006 compared to 2004. In 2006, 69.8 percent of the income withholdings issued to newly established orders were issued manually, up from 52.3 percent two years earlier.

- **The median number of days it took to issue an income withholding from the date the order became effective decreased over the study period by 20 percent.**

In 2004, the median number of days between order establishment and the issuance of AIW orders was 40 days for newly opened cases with their first orders. By 2006, this figure had declined to 32 days, a 20 percent decline. In other words, by 2006, half of the AIWs that were issued to newly opened cases with their first order were issued within 32 days.

<b>Table 12. Number and Percent of Income Withholding Orders Issued and Number of Days to Issue Income Withholding Orders</b>					
	<b>Newly Opened Cases with Orders by:</b>				<b>Difference</b>
	<b>12/31/2003</b>		<b>2/28/2006</b>		
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	
Orders Established	11,843	100.0	14,119	100.0	
Income Withholding Issued	8,169	69.0	10,114	71.6	2.6***
Manually	4,274	52.3	7,060	69.8	17.5
Automatically	3,895	47.7	3,054	30.2	-17.5
<b>Number of Days Between Order Establishment and Issuance of AIW</b>					
Average	68		51		-17***
Median	40		32		-8
<b>Among Manual AIW Orders</b>					
Average	43		40		-3***
Median	26		26		0
<b>Among Automated AIW Orders</b>					
Average	95		77		-18***
Median	70		58		-12

Note: \*\*\* Indicates that the probability that the difference is due to chance is less than 1%.  
T-tests cannot be conducted on medians.

One reason for the decline in the median (and average) number of days between order establishment and the issuance of AIWs is because of the increase in manual AIWs during this period, which had shorter time periods between order establishment and the issuance of AIWs before and after the reforms. The other reason is that the median number of days involved in issuing AIWs dropped for automated AIWs between 2004 and 2006. For automated AIWs, the median number of days to issue AIWs fell from 70 days to 58 days. Manual AIWs did not experience a change in the median number of days to issue AIWs, but the average number of days declined by 3 days, which was a statistically significant decline.

- **The percent of newly opened cases with income withholding orders that paid child support increased from 71 to 84 percent during the study period, a statistically significant difference.**

In the post-reform period, 84.2 percent of newly opened cases that had their order established by February 28, 2006 and had an AIW issued by May 31, 2006 paid child support by May 31, 2006, which is the end of the study period (see table 13). In

the pre-reform period, 71.4 percent of newly opened cases that had their order established by December 31, 2003 and had an AIW issued by March 31, 2004 paid child support by March 31, 2004, the end of the study period for the pre-reform sample. This represented a 12.8 percentage point increase, a statistically significant difference. All of this increase occurred among cases that had been issued their AIW manually. In 2006, 72.1 percent of the newly opened cases with orders that paid child support after their AIW was issued had been processed manually, up from 57.6 percent two years earlier (table 13).

<b>Table 13. Number and Percent of Newly Established Orders that Paid Child Support through Wage Withholding After Income Withholding Orders Were Issued</b>					
	<b>Newly Opened Cases with Orders Established by:</b>				<b>Difference</b>
	<b>12/31/2003</b>		<b>2/28/2006</b>		
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	
Orders Issued an AIW	8,169	100.0	10,114	100.0	
Paid through Wage Withholding After AIW Issued	5,830	71.4	8,516	84.2	12.8***
AIW Issued Manually	3,359	57.6	6,139	72.1	14.5
AIW Issued Automatically	2,471	42.4	2,377	27.9	-14.5
Did Not Pay through Wage Withholding After AIW Issued	2,339	28.6	1,598	15.8	-12.8
AIW Issued Manually	915	39.1	921	57.6	18.5
AIW Issued Automatically	1,424	60.9	677	42.4	-18.5

Note: \*\*\* Indicates that the probability that the difference is due to chance is less than 1%.

- **Among newly opened cases that were issued an AIW, the average monthly child support paid through income withholding increased by 19 percent in real terms between 2004 and 2006, a statistically significant difference.**

Prior to the reforms, the average amount paid through income withholding was \$205 per month (expressed in 2006 dollars) among newly opened cases that had an order established by the end of 2003 and an AIW order issued by the end of the study period (table 14). Two years later, the average amount paid via income withholding was \$244 per month among newly opened cases with an order established by the end of

February 2006 and a AIW order by the end of the study period, a 19 percent increase measured in real terms.

Interestingly, table 14 shows that, once we limit newly opened cases with an AIW order to those who paid through wage withholding, the average and median amounts paid on a monthly basis did not increase a significant amount after the reforms. Specifically, among newly opened cases that paid child support through income withholding, their average monthly payments via income withholding were \$288 prior to the reforms (measured in 2006 dollars) and \$290 after the reforms, a \$2 per month increase that is not statistically significant. This means that the 19 percent increase in average monthly payments discussed above did not occur because payers paid more, but rather because a larger percent of newly opened cases that had been issued an AIW order actually paid through income withholding after the reforms.

<b>Table 14. Average and Median Monthly Payments Among Newly Opened Cases with an AIW Order</b> (Dollar amounts are expressed using 2006 dollars)			
	<b>Newly Opened Cases with Orders Established by:</b>		<b>Difference</b>
	<b>12/31/2003</b>	<b>2/28/2006</b>	
<b>Cases with an AIW Order that Paid through Income Withholding</b>			
Amount Paid through Income Withholding after AIW was issued			
Average	\$288	\$290	\$2 <sup>~</sup>
Median	\$248	\$254	\$6
<b>All Cases with an AIW Order</b>			
Amount Paid through Income Withholding after AIW was issued			
Average	\$205	\$244	\$39 <sup>***</sup>
Median	\$174	\$215	\$41
Amount Paid from All Payment Sources Regardless of when the AIW was issued			
Average	\$200	\$217	\$17 <sup>***</sup>
Median	\$160	\$177	\$17

Note: <sup>~</sup> Indicates that the difference is not statistically significant.

<sup>\*\*\*</sup> Indicates that the probability that the difference is due to chance is less than 1%.

T-tests cannot be conducted on medians.

Note: Inflation, as measured by the CPI-U, was 6.7 percent between 2004 and 2006. This is the figure that we used to adjust pre-reform dollar amounts to reflect 2006 dollars.

- **Average monthly payments increased by 8.5 percent (measured in real terms) between 2004 and 2006 among newly opened cases with an AIW order, a statistically significant difference.**

Although the reforms appear to have increased the amount paid through wage withholding, that does not mean the reforms were successful in increasing overall payments. It could be that the reforms simply shifted payments from other payment sources to income withholding. To test whether the reforms succeeded in increasing total average monthly payments, we measured the average and median monthly payments from all payment sources among all newly opened cases with an AIW order.

Table 14 shows that average and median monthly payments increased by \$17 per month (measured in real terms) during the demonstration period among newly opened cases with an AIW order. The average monthly payment increased from \$200 per month to \$217 per month, an 8.5 percent increase between 2004 and 2006.

- **The median (and average) number of days between issuing an AIW and paying child support did not change during the study period.**

The median and average number of days between issuing an AIW and paying child support did not change during the study period. The median (average) number of days between the issuance of an AIW and first payment was 21 (30) days for newly open cases that had their first order established by February 28, 2006 and an AIW issued by May 31, 2006. Two years earlier, the median (average) number of days between issuing the AIW and receiving first payments was also 21 (30) days for these types of cases.

<b>Table 15. Average and Median Number of Days Between AIW Issuance and First Payment through Wage Withholding</b>			
	<b>Newly Opened Cases with Orders Established by:</b>		<b>Difference</b>
	<b>12/31/2003</b>	<b>2/28/2006</b>	
Average Number of Days	30	30	0 <sup>-</sup>
Median Number of Days	21	21	0

Note: <sup>-</sup> Indicates that the difference is not statistically significant.

T-tests cannot be conducted on medians.

## VIII. OVERALL RESULTS REGARDING ARREARS ACCUMULATION

The ultimate aim of this project was to reduce arrears accumulation in the early stages of order establishment. To assess whether the project succeeded, we examined arrears accumulation among newly opened cases before and after the reforms were enacted. Cases for the pre-reform period consisted of all cases opened between April 1, 2003 and September 30, 2003 that needed an order established and had an order established by December 31, 2003. Cases for the post-reform period consisted of all cases opened between June 1, 2005 and November 30, 2005 that needed an order established and had an order established by February 28, 2006. For each group, we examined the percent of cases that owed arrears during the first and third months after their order was established and the amount of arrears that they owed at these times.

- **The median and average amount of arrears owed by newly opened cases with an order declined after the reforms.**

We found that newly opened cases that received an order within three to nine months of their case being opened owed less arrears, on average, after the reforms. Prior to the reforms, the average amount of arrears owed by these cases was \$1,666 during the first month after their order was established (amount is measured using 2006 dollars). After the reforms, this amount declined to \$1,492, a statistically significant difference. During the third month after orders were established for newly opened cases, the average amount of arrears owed declined \$179, representing a 9.7 percent decline in arrears.

The percent of cases with newly established orders that owed arrears during the first and third months after order establishment remained largely unchanged after the reforms. Prior to the reforms, 83.9 percent of the cases with newly established orders owed arrears during the first month after order establishment. After the reforms, the percentage figure was 84.1 percent, a statistically insignificant difference. Furthermore, prior to the reforms, 86.4 percent of the cases with newly established orders owed

arrears during the third month after order establishment. This figure increased to 86.9 percent after the reforms, a statistically insignificant difference.

<b>Table 16. Arrears Accumulation Among Newly Opened Cases with Orders Established by December 31, 2003 and February 28, 2006</b> (Dollar amounts are expressed using 2006 dollars)					
<b>Characteristics of Newly Established Orders</b>	<b>Newly Opened Cases with Orders by:</b>				<b>Difference</b>
	<b>12/31/2003</b>		<b>2/28/2006</b>		
	<b>Number and Dollar Amount</b>	<b>%</b>	<b>Number and Dollar Amount</b>	<b>%</b>	
Orders Established	11,843	100.0	14,119	100.0	
<b>First Month after Order Established</b>					
Number with Arrears	9,939	83.9	11,875	84.1	0.2 <sup>~</sup>
Average Amount Owed	\$1,666		\$1,492		-\$174 <sup>***</sup>
Median Amount Owed	\$648		\$550		-\$98
<b>Third Month after Order Established</b>					
Number with Arrears	10,233	86.4	12,274	86.9	0.5 <sup>~</sup>
Average Amount Owed	\$1,843		\$1,664		-\$179 <sup>***</sup>
Median Amount Owed	\$869		\$756		-\$113

Note: <sup>~</sup> Indicates that the difference is not statistically significant.

<sup>\*\*\*</sup> Indicates that the probability that the difference is due to chance is less than 1%.

T-tests cannot be conducted on medians.

Note: Inflation, as measured by the CPI-U, was 6.7 percent between 2004 and 2006. This is the figure that we used to adjust pre-reform dollar amounts to reflect 2006 dollars.

These findings suggest that the reforms undertaken by this demonstration were successful in reducing arrears accumulation during the early stages of order establishment. It is possible that other factors caused arrears to decline in the early stages after their orders were established. However, it appears that the two major changes undertaken by this demonstration – the expansion and improvement of CSRP and the improvements to the issuance of AIW orders – succeeded in reducing arrears accumulation among newly established orders.

## APPENDIX

To provide the reader with a better understanding of who is represented in the samples of cases used throughout this report, this appendix presents some descriptive characteristics of the samples. The Appendix table shows the sex, race, and age characteristics of the custodial parents associated with the sampled cases. It also summarizes the quarterly earnings data that we received for the non-custodial parents associated with the sampled cases. As we have noted elsewhere, the initial sample of cases consisted of all cases opened between April 1, 2003 and September 30, 2003 that needed an order; the second sample of cases consisted of all cases opened between June 1, 2005 and November 30, 2005 that needed an order.

The demographic characteristics of the custodial parents associated with the sampled cases were as expected. Furthermore, we did not find any major differences in the demographic characteristics of the custodial parents in the two samples. Over 90 percent of the custodial parents were female in both years. The percent of custodial parents who were female declined slightly between 2004 and 2006, from 93 to 92 percent. About 40 percent of the custodial parents were Hispanic in both years. This figure increased slightly between 2004 and 2006, going from 39 to 41 percent. The percent of custodial parents who were Black drifted down from 26 percent in 2004 to 25 percent in 2006. The percent who were White remained unchanged at 25 percent. About 8 percent of the custodial parents did not have a race indicated in the data in both years. About 45 percent of the custodial parents were in their twenties in both years. About 9 percent of the custodial parents were under 20 years of age in both years. About 18 percent were 40 years old or older in both years.

The non-custodial parents associated with the sampled cases were matched to three quarters of Texas quarterly earnings data. The first sample was matched to the last three quarters of 2003; the second sample was matched to the last two quarters of 2005 and the first quarter of 2006.<sup>16</sup>

---

<sup>16</sup> Each sample was actually matched to four quarters of Texas quarterly earnings data, but the most recent quarter in both years was entirely blank.

**Appendix Table 1. Demographic Characteristics of Custodial Parents and Earnings Characteristics of Non-custodial Parents Associated with the Cases Examined in this Report**

Characteristics	2004		2006	
	Number	Percent	Number	Percent
Total Number of Cases that Needed an Order	59,305	100.0	59,072	100.0
<b>Demographic Characteristics of Custodial Parents</b>				
Sex				
Female	54,914	92.6	54,275	91.9
Male	4,193	7.1	4,425	7.5
Missing	198	.3	372	.6
Race				
Hispanic	23,264	39.2	24,120	40.8
Black	15,649	26.4	14,708	24.9
White	14,755	24.9	14,782	25.0
Asian	236	.4	264	.5
Native American	205	.4	175	.3
Other	130	.2	293	.5
Missing	5,066	8.5	4,732	8.0
Age				
Under 20	5,516	9.3	5,244	8.9
20-29	26,991	45.5	26,813	45.4
30-39	14,453	24.4	13,836	23.4
40 and above	10,504	17.7	10,655	18.0
Missing	1,841	3.1	2,524	4.3
<b>Earnings Characteristics of Non-custodial Parents</b>				
Number of Quarters of Earnings Data Received (Maximum possible=3)				
0	43,364	73.1	42,717	72.3
1	11,333	19.1	10,107	17.1
2	3,211	5.4	4,157	7.1
3	1,397	2.4	2,091	3.5
Quarterly Earnings Among Non-custodial Parents with Earnings				
Average	\$4,566		\$4,931	
Median	\$3,339		\$3,611	

Note: Dollar amounts are expressed using 2006 dollars.

Note: Inflation, as measured by the CPI-U, was 6.7 percent between 2004 and 2006. This is the figure that we used to adjust pre-reform dollar amounts to reflect 2006 dollars.

As the Appendix table shows, over 70 percent of the non-custodial parents associated with the sampled cases did not have quarterly earnings data for the three quarters discussed above. The percent of non-custodial parents without quarterly earnings data declined slightly between 2004 and 2006, from 73 to 72 percent. Furthermore, less than 5 percent of the non-custodial parents had earnings in every quarter. This figure increased slightly between 2004 and 2006, from 2.4 to 3.5 percent.

The lack of quarterly earnings data does not mean that these non-custodial parents do not have earnings. It simply means that the Texas quarterly earnings data does not have earnings information for them. There are many reasons why earnings do not appear in the Texas quarterly earnings data. Some of the non-custodial parents may be working outside of Texas. Others may be employed in areas that are not covered by quarterly earnings data, such as the self-employed and independent contractors. Others may be working in covered industries, but are working under the table. Still others may be engaged in illegal activities.

For those non-custodial parents with quarterly earnings data, we measured their average and median quarterly earnings. The Appendix table shows that, in 2004, the average quarterly earnings for non-custodial parents with earnings was \$4,566 (measured in 2006 dollars). This figure increased to \$4,931 two years later, an 8 percent increase in real earnings. As expected, median quarterly earnings were lower than the average figures in both years, but median earnings also increased by 8 percent in real terms.