Findings from the Analysis of Administrative Data

Early Findings from California's Pass Through of Child Support Collections to Families that Formerly Received CalWORKs

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EXECUTIVE SUMMARY

This study illustrates how administrative data from an automated child support system can be used to:

- Analyze outcomes of child support policy changes;
- Analyze data for specific groups– that is, analyze disaggregated data– to identify the impact of a policy change as well as potential improvements to program operations and policies to reach all populations in need of or eligible for a specific service or benefit. This includes analysis that can be used to help identify racial and ethnic disparities; and
- Provide analysis useful to California's piloted equity assessment.

California recently changed its law[1] to allow its Department of Child Support Services (DCSS) to send more money to California families that formerly received California Work Opportunity and Responsibility to Kids (CalWORKs), which is California's Temporary Assistance to Needy Families (TANF) Program.[2] The policy of interest is pass through of child support collections for permanently assigned arrears (PAA). DCSS (and others) refer to the policy as *Former Assistance* (*FA) Arrears Pass Through.* PAA accrue when monthly child support goes unpaid while the family receives cash assistance from CalWORKs. When the family receives the assistance, payment toward current child support is assigned (owed) to the state. The state retains most payment of current child support to offset cash assistance.[3] Unpaid child support that accrues while the family receives cash assistance continues to be assigned to the

Key Definitions and Concepts Pertinent to California's Policy Change
(see Glossary for more detailed and precise terminology)

Assignment. To whom the child support is owed (e.g., it is owed to the custodian family unless it was assigned to the state due to cash assistance from California Work Opportunity and Responsibility to Kids (CalWORKs) Program).

Permanently Assigned Arrears (PAA). Child support that goes unpaid while a family receives cash CalWORKs accrues as PAA.

Pass Through. Since PA arrears are assigned to the state, they must be "passed through" to the family that formerly received cash CalWORKs assistance for the former assistance (FA) family to receive them.

Distribution. The distribution policy is how the child support payment will be allocated. For example, California's current policy distributes child support payments to current support first and then to arrears. Prior to the law change, it had a more complicated distribution policy that also considered whether any arrears were PAA or arrears owed to the family. California retained, or held back, PAA distributions to offset cash CalWORKs assistance.

Disbursement. Disbursement is the act of sending the distribution to the family. The disbursement may occur by check, direct deposit or electronic payment card (EPC). Child support may not be disbursed if DCSS or the local child support agency (LCSA) cannot deliver the collection to the person ordered to receive support (PRS) (e.g., the PRS is not located or the check expired), the PRS is deceased, or for other reasons.

[1] Chapter 573 of 2022 (AB 207, Committee on Budget).

[2] See California Department of Child Support Services at https://childsupport.ca.gov/formerassistance/.

[3] There are some exceptions. For example, the first $100 ($200) paid toward current support is passed through to the currently assisted family for one child (two or more children).

state. Before the California law change, the state retained child support collected for PAA and shared some of the recoupment with the federal government. Due to the law change, DCSS now passes through PAA collections to FA families; that is, the FA family receives child support collected for PAA.

Research Questions

DCSS posed four research questions to be answered about *FA Arrears Pass Through* from the administrative data:

- How much PAA is passed through to families?
- Who was impacted?
- How does *FA Arrears Pass Through* help families?
- How does the impact vary for different groups?

Administrative Data Used for the Analysis

All states have centralized disbursement units for processing child support payments. All state child support programs also have automated systems that track transactional data. This study relies on administrative data tracking child support collected for PAA that was passed through to FA families over a five-month period beginning May 1, 2024 (when *FA Arrears Pass Through* began) through September 30, 2024. DCSS extracted the data from dashboards that DCSS developed for *FA Arrears Pass Through*. The dashboards contain limited demographic data about the children, parent ordered to pay support (PPS) and person ordered to receive support (PRS) (i.e., race and ethnicity of the PPS and PRS, the age brackets of the PPS and PRS, the age bracket of the youngest child, whether all children were emancipated, the gender of the PPS and PRS, and the county of the order). The dashboards only track transactions for child support cases with PAA collections. For the purposes of the analysis, researchers rolled up almost a million transactions over the five-month period to the case, PPS, and PRS level. The data extract did not include cases with PAA, but no child support was collected or distributed to PAA. The inclusion of these cases could have informed the extent that the policy change affected all FA families with PAA. Further, the data available for the analysis did not include several data fields that may be useful to the analysis (e.g. whether there was a monthly order to pay arrears) due to the time and resources necessary to extract and merge other data, the limited scope of data recorded on automated systems, and other reasons.

Findings from the Analysis

- ✓ In an average month, DCSS passed through a total of $9.7 million from PA arrears collections to FA families.
- ✓ In the first five months following implementation of *FA Arrears Pass Through*, DCSS distributed PA arrears collections to a total of 63,378 FA families.

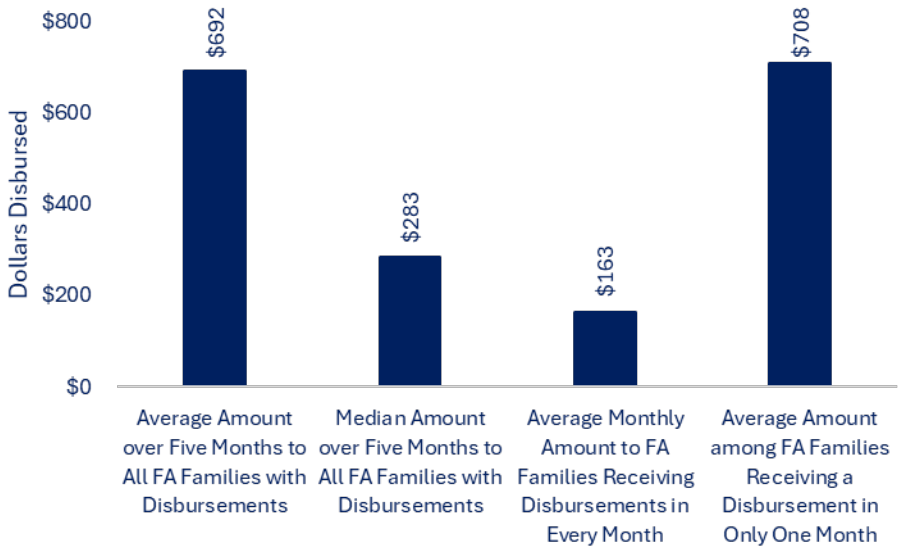
How Much PAA Is Passed Through? In the first five months following implementation of *FA Arrears Pass Through*, DCSS distributed over $48.5 million in PAA collections to 63,378 families. Once DCSS receives a child support payment, it must determine how it will be distributed. When it is to be distributed to the FA family, which is the case of *FA Arrears Pass Through*, DCSS disburses collections of PAA to the FA family by check, direct deposit, or electronic benefit card (EBC). The distinction between distribution and disbursement is important because disbursement means the passed through PAA collection was actually

sent to the FA family. At the time of the analysis, DCSS disbursed most (91.7%) of the PAA collections passed through to FA families. In the first month of *FA Arrears Pass Through*, DCSS disbursed about $10 million to FA families, which was the monthly high among the five months analyzed. Most passed through payments that were not disbursed (which comprised 8.3% of all passed through payments at the time of the analysis) result from issues locating the PRS or that the PRS is deceased. In these circumstances, DCSS will eventually retain the monies collected as recoupment, as DCSS did prior to the policy change. Measuring the amount and extent of recoupment requires more months of analysis since any passed through PAA collection cannot be returned until after six months of unsuccessful delivery to the PRS. Further, the PRS has another 12 months to make a claim for recouped collection. Consequentially, DCSS could eventually disburse some of the 8.3% of these PAA distributions that were not disbursed at the time of this analysis. For example, if DCSS or a local child support agency locates a PRS who previously could not be located, then DCSS can make the disbursement.

Who Was Impacted? *FA Arrears Pass Through* affected every age group, race and ethnicity, and demographic tracked by the dashboards. Most of the FA families with passed through PAA collections were Hispanic or Latino (34%), White (23%), or African American or Black (21%). The race and ethnicity of the PRS was often unknown (19%). Nonetheless, the three race and ethnic groups that received most of the passed through PAA collections are also the dominant race and ethnic groups of all California children and families receiving CalWORKs. Over a third (39%) of PAA distributions went to FA families with a minor child (i.e., at least one unemancipated child). The remaining 61% of PAA distributions went to families with adult children.

***How Does It Help Families*?** *FA Arrears Pass Through* puts more money in the hands of families. Over the five months analyzed, FA families received an average disbursement of $692, while the median was $283. Almost half (44%) of FA families received disbursements in each of the five months analyzed, another 18% only received one disbursement, and the remaining 38% received a disbursement in two, three, or four months. The monthly disbursement averaged $163 among those receiving disbursements in every month. The one-time disbursement averaged $708 for those receiving disbursement in only one month. In all, the amount disbursed varied considerably among FA families.

Exhibit ES- 1: Average and Median Disbursements by Whether Disbursement Was Received Monthly or Only Once



How Does it Vary for Different Groups? The analysis disaggregated the data by each of the demographic variables available from the dashboards. FA families with younger children and younger parents or caregivers had higher rates of disbursement—that is, the passed through PAA collections were actually disbursed to the family—than the rates of disbursement among FA families with older children and older parents. For example, the disbursement rate for PRS under 30 years old was 98.1% while it was 85.0% for PRS 60 years or more, which was the oldest age category tracked by the dashboards. For the age categories above 30 years, the disbursement rate steadily declined with each older age category. For FA families with younger children (i.e., at least one child was not emancipated), the disbursement rate was 96.0% compared to 89.0% among FA families with older children (i.e., all children were emancipated). FA families with older children and older parents or caregivers relied more on checks for disbursement than FA families with younger children and younger parents or caregivers. This may contribute to their lower rates of disbursement. Some race and ethnic groups also relied more on checks for disbursements than other groups. American Indian or Alaska Native, Middle Eastern or North African, and those with Other or Unknown racial or ethnic identity relied more on checks. These findings suggest an information campaign about the benefits of direct deposit and EPC directed at older PRS and PRS of the race and ethnic groups more likely to rely on checks may put more child support collections in the hands of these FA families.

Conclusion

The analysis of disaggregated administrative data can be informative to child support policy. Moreover, this study demonstrates that *FA Arrears Pass Through* positively affected many FA families by putting more child support collections in the hands of FA families regardless of their individualized characteristics. With regard to the equity analysis being piloted, the analysis of administrative data found no significant racial and ethnic differences of concern.

GLOSSARY

This is a glossary of key terms, federal requirements and state options, and California's application. Terminology is ordered by the sequence of the process.

Key Term or Concept	Overview of Federal Requirements and State Options[4]	California Application or Specific
Person Ordered to Receive Support (PRS)	Federal regulation refers to the PRS as the custodial parent, but states have adopted alternative terminology to recognize that non-parents (e.g., grandparents) may be the person ordered to receive support, and that custody is not the only factor in determining the PRS in some states (e.g., it is possible for the parent with more time with the child to owe the other parent child support if the parent with more time also has significantly more income than the parent with less time with the child).	California uses PRS.
Parent Ordered to Pay Support (PPS)	Federal regulation refers to the PPS as the noncustodial parent, but states have adopted alternative terminology due to the custody reason described above and for other reasons.	California uses PPS.
Assignment of Right to Child Support	Federal law requires custodial families who receive cash assistance from Temporary Assistance for Needy Families (TANF) to participate in the state child support program and transfer their right to child support to the state through a legal mechanism called "assignment."	TANF in California is the California Work Opportunity and Responsibility to Kids (CalWORKs) program.
Current Support Order	A monthly order is set for current support. The amount of current support ordered is established using a state's guideline.	If a family is receiving CalWORKs assistance, child support received in the month of current assistance is assigned to the state.[5]
Arrears	If a PPS falls behind in payment, the past due amount accrues as debt, which is also called "child support arrears." Arrears that accrue while child support is assigned to the state are referred to as state debt.	California uses the term "PAA" for permanently assigned state debt that accrued while the family received cash assistance through CalWORKs.

[4] Adapted from Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Jul. 2024). *Understanding TANF Cost Recovery in the Child Support Program*. Retrieved from https://www.cbpp.org/sites/default/files/1-3-24tanf.pdf.

[5] The maximum amount that can be reimbursed through child support payments is the amount of cash assistance paid to the family. It is called the unreimbursed assistance (URA) balance. Specifically, the state has the right to the lesser of the URA balance or the cumulative amount of monthly child support due while the family received cash assistance. See Turetsky & Azevedo-McCaffrey (Jul. 2024).

Monthly Arrears Order	States have the option to order a parent owing arrears to pay a monthly amount toward the arrears. The arrears may be owed to the government due to a previous assignment or the PRS. A few states set a formula for the monthly arrears order (e.g., 15% of the current order) in their guideline formula; however, most do not. Still, most child support agencies have an agency policy addressing monthly arrears orders.	Whether to order a monthly amount to be paid toward arrears and the amount are at the discretion of the Commissioner or judge who will consider the parent's ability to pay and other factors on a case-by-case basis.[6]
Payment and Enforcement	Federal law provides child support agencies with the authority to use a variety of tools to facilitate child support collections on current support and arrears debt (e.g., automatic payroll withholding, withholding of unemployment insurance, denial of issuance or renewal of a U.S. passport to facilitate payment of arrears, and interception of federal income tax refunds). Each state has a centralized disbursement unit that receives and processes child support payments and disburses them.	California's centralized disbursement unit is the California State Disbursement Unit and is part of the California Department of Child Support Services (DCCS).
Distribution	Each child support order/case has several different obligation accounts (e.g., current support, permanently assigned arrears, and never-assigned arrears). Distribution is to which obligation account that child support collections are applied. Generally, collections are distributed to the family or retained by the government to offset cash assistance. For child support arrears, family arrears will always be distributed to the family. With PAA, the state has the option to retain the collections to offset cash assistance or distribute some or all to the family.	California first makes a decision on the distribution. If the distribution is to PAA, then California will pass through the PAA distribution to the FA family. However, there are exceptions, such as when the passed through PAA collection is undeliverable or the PRS is deceased.
State Distribution Policy	Federal regulation provides some guardrails around a state's distribution policy but also gives states flexibility. Generally, collected child support is first distributed to current support then to pay arrears. When the family is currently receiving TANF, most collection of child support is retained by the government to offset cash assistance, although states have the option to pass through some or all of the child support collected toward current support. The policy is more complicated with arrears. Arrears is	The first $100/$200 of any amount of child support collected in a month for a family with one/two or more children in payment of the current support order for that month shall be paid to the CalWORKs family (with some exceptions). These passed through

[6] DCSS offers agency guidance for the amount of monthly arrears orders they will seek that also consider the parent's ability to pay, but ultimately the order amount is at the discretion of the Commissioner or judge hearing the compliant.

	generally divided into what is owed to the state (through assignment) and what is owed to the family. Usually, arrears collections are first distributed to family arrears then state arrears. States also have the option to pass through some or all of the child support collected toward PAA.	amounts are not considered to be income in the calculation of aid.[7]
Disbursement	The distribution of collected child support that is sent to the family is a disbursement. A family may not receive a disbursement if the collection cannot be delivered to the PRS, the PRS is deceased, or for another reason.	In California, child support is disbursed using three methods: paper check, direct deposit, and electronic payment card (EPC).
Retained Collections	States retain collections assigned to families participating in TANF. Depending on the state's distribution policy, retained collections are to be shared with the federal government.	In California, the state's share is also shared with the county since California's child support program is county administered.
Pass Through	States have the option to pay families some or all of the child support collection that has been assigned to the state instead of retaining it. This is called a "pass through."	Currently, California's pass-through policies differ by whether the family is currently receiving cash assistance through CalWORKs. See State Distribution Policy above.
Disregard	"Disregard" is a complement to pass through. Specifically, in cases where the family is receiving cash assistance from TANF, the amount of child support passed through may not count as income to the family (i.e., it is disregarded in the calculation of the TANF benefit).	California disregards passed through PAA collections in the determination of the CalWORKs benefit. For child support collections that are distributed to current support, California passes through the first $100 ($200) per month in child support for one (two or more children).
Federal Share of Retained Collections	Amounts retained as assistance reimbursement are shared with the federal government based on a specific percentage that reflects federal matching funds for state expenditures for Medicaid and other programs. A state does not have to pay the federal share when PAA are distributed to the FA family. The federal share is more complicated when current support assigned to the state is distributed to the family. The	The federal share is 50% in California, which is the highest possible share.

[7] *California Assembly Bill No.79, Human Services Omnibus. (2019-2020).* Approved by Governor and Filed with Secretary of State on June 29, 2020. Retrieved from https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB79.

	state must pay the federal share when the amount collected toward current support exceeds $100 per month for one child and $200 per month for two or more children.	
Special Case of Child Support Collected through the Interception of Federal income Tax Refunds	A state can certify the amount of child support arrears owed. In turn, IRS tax refunds can be intercepted up to the certified amount. Federal law provides two options for the distribution of child support collections through IRS intercepts, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the Deficit Reduction Act of 2005 (DRA). Under PRWORA, IRS intercepts are distributed to arrears first prior to current support. In addition, PAA are paid prior to family arrears. Under DRA, the state distributes IRS intercepts the same way as other child support collections: first to current support, then to arrears.	California is one of eight states[8] that relies on the DRA distribution, which distributes IRS intercepts to the family first prior to applying it to PAA.
State Options to Forgive State Debt	Federal law provides states the full authority to reduce, forgive, or write off state debt without owing the federal share.	DCCS and the local child support agencies offer programs and opportunities to reduce and forgive PAA.

[8] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Oct. 2024). *Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive*. Retrieved from https://www.cbpp.org/sites/default/files/10-8-24tanf.pdf.

SECTION 1: PURPOSE AND BACKGROUND

This study illustrates how administrative data from an automated child support system can be used to:

- Analyze outcomes of child support policy changes;
- Analyze data for specific groups— that is, analyze disaggregated data— to identify the impact of a policy change as well as potential improvements to program operations and policies to reach all populations in need of or eligible for a specific service or benefit. This includes analysis that can be used to help identify racial and ethnic disparities; and
- Provide analysis useful to California's piloted equity assessment.

BACKGROUND INFORMATION

In 2022, the California legislature adopted legislation that directs the California Department of Child Support Services (DCSS) to pass through government-owed arrears to families that formerly received cash assistance from the California Work Opportunity and Responsibility to Kids (CalWORKs) program, rather than retain the child support collections to offset public assistance.[9] After developing automation, DCSS operationalized *FA Arrears Pass Through* on May 1, 2024. California's change leveraged a 2005 change in federal law overseeing how child support is distributed that few states use. The Deficit Reduction Act (DRA) of 2005 allows states more flexibility in passing through child support collections to families, rather than retaining child support collections to offset public assistance.

Federal Requirements and State Options

The Social Security Act requires recipients of Temporary Assistance to Needy Families (TANF), which is the CalWORKs program in California, to assign their rights to child support as a condition of receiving assistance.[10] As a general rule,[11] most child support collected while a family is currently receiving TANF is retained by the state and divided between the state and the federal government as reimbursement to

[9] Chapter 573 of 2022 (AB 207, Committee on Budget). Retrieved from https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB207.

[10] More information about child support assignment, pass through, and distribution for families receiving public assistance can be found at *Quick Facts* by the National Child Support Engagement Association (NCSEA): https://www.ncsea.org/wp-content/uploads/2022/07/Quick-Facts-Child-Support-Assignment-PassThrough-Distribution_2022.pdf.

[11] There are numerous exceptions and pass-through options when a family is currently receiving TANF. For example, when a family is currently receiving cash assistance through CalWORKs, California passes through the first $100 ($200) in child support collections for one (two or more children). Policy options for passing through current support are not addressed in this study. More information can be found at National Child Support Engagement Association. (Jun. 2022); and Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Jul. 2024). *Understanding TANF Cost Recovery in the Child Support Program*. p. 3. Retrieved from https://www.cbpp.org/sit1es/default/files/1-3-24tanf.pdf.

the assistance paid to the family.[12] Since California has a county-administered child support program, the state share of the reimbursement also involves county funds. If the assigned child support is not paid while the family receives cash assistance, it becomes a debt owed to the government. For simplicity and consistency with California terminology, it is referred to in this study as permanently assigned arrears (PAA). Because of the government assignment, the government typically retains most child support collections toward PAA as reimbursement for the former assistance (FA) paid to the family unless the state has a policy to pass through the PAA collection to the FA family.

History of Retained Collections and State Options

The concept of retained collections to recover the cost of public assistance predates the child support program.[13] The Deficit Reduction Act (DRA) of 2005 allows states to pass through any amount of assigned support to current or former TANF cases.[14] The DRA also fully waives the federal share of support passed through to families who formerly received TANF.[15] As of 2024, California is one of five states that passes PAA collections to FA families.[16] The rules and practices surrounding pass through of current support when a family receives cash TANF assistance are more complicated and beyond the scope of this study.

States can impose interest on arrears and have the full authority under federal law to reduce, forgive, or write off state debt, without owing a federal share.[17] Most states (including California) have state debt-reduction programs or procedures. All tools available to a child support agency to facilitate payment of support can also be used to facilitate payment of PAA (e.g., employer income withholding, interception of unemployment insurance, and liens on insurance settlements). However, the Personal Responsibility and Work Opportunity Act (PRWORA) of 1996 created an exception rule for child support collected from federal tax offset.[18] It directs states to distribute federal tax offset collections toward PAA rather than toward payment of current support and before distribution toward arrears owed to the family.[19] In short, PRWORA prioritized PAA in its distribution scheme. The DRA gives states the option to eliminate this special distribution rule; specifically, it allows states to distribute federal tax offset collections toward current support and toward family arrears for FA families prior to distributing it toward PAA.[20]

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[12] Despite the exceptions of pass through of current support, the National Child Support Engagement Association notes that most child support paid while the family is receiving cash assistance through TANF is retained. See National Child Support Engagement Association. (Jun. 2022).

[13] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Jul. 2024). p. 3.

[14] Ibid. p. 10.

[15] Ibid.

[16] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Oct. 2024). *Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive*. p. 22. Retrieved from https://www.cbpp.org/sites/default/files/10-8-24tanf.pdf.

[17] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Jul. 2024). p. 5.

[18] Ibid. p. 7

[19] Ibid.

[20] Ibid. p. 8.

As of 2024, California is one of eight states that eliminated the special distribution rule.[21] In other words, it is another way that California gets more child support into the pockets of families. In contrast, most states distribute federal tax offset collections to PAA first.

California Changes, Current Process, and Caseload

As of May 1, 2024, DCSS began passing through child support collections distributed to PAA to FA families. Before the change, the child support collections were retained to reimburse federal, state, and county funds for CalWORKs assistance paid on behalf of the person ordered to receive support (PRS).[22] Exhibit 1 shows the prior distribution algorithm as well as the change.

Impact of Age of the Child, Debt Reduction Policies, and Other Specifics

Child support collected toward PAA are passed through to the FA family regardless of the age or emancipation status of the child or children, and regardless of whether any or all children currently reside in the same household of the PRS. In addition to other conditions, California statute provides that the duty of support continues until the child completes the 12th grade or attains 19 years of age, whichever occurs first.[23]

Since PAA are assigned to the state, DCSS and local child support agencies (LCSAs) can reduce debt (amount of PAA) and use it as a negotiation tool. In all, *FA Arrears Pass Through* has little to no impact on programs to reduce debt and debt negotiation other than the policy change prohibits the inclusion of the PRS in the negotiation of PAA or the collectability review process.[24]

The DCSS Debt Reduction Program provides eligible PPS an opportunity to reduce PAA and foster care arrears. Debt reduction will vary depending on the circumstances of the case including consideration of the needs of the children and the ability of the PPS to pay.[25] To qualify, the PPS must be able to pay both their current support order and an ongoing debt payment. Unlike some states, there is not a statewide policy for setting monthly orders to pay down PAA in California. For example, some states will set a monthly order (e.g., 15% of the current order amount) to pay down arrears. Some states also provide that once all the children emancipate the current support amount becomes the monthly amount ordered to pay arrears. In California, DCSS offers guidance on the establishment of monthly arrears orders that consider the ability of the PPS to pay and other factors; however, ultimately,

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[21] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Oct. 2024). p. 22.

[22] California Department of Child Support Services. (May 1, 2024). *CSSI Letter: 24-04*. *Subject: Former Assistance Arrears Pass Through*. Retrieved from https://courts.ca.gov/system/files/2024-12/7.%20Inequity%20Implication%20Bias%20and%20Discretion-Handout%203.pdf.

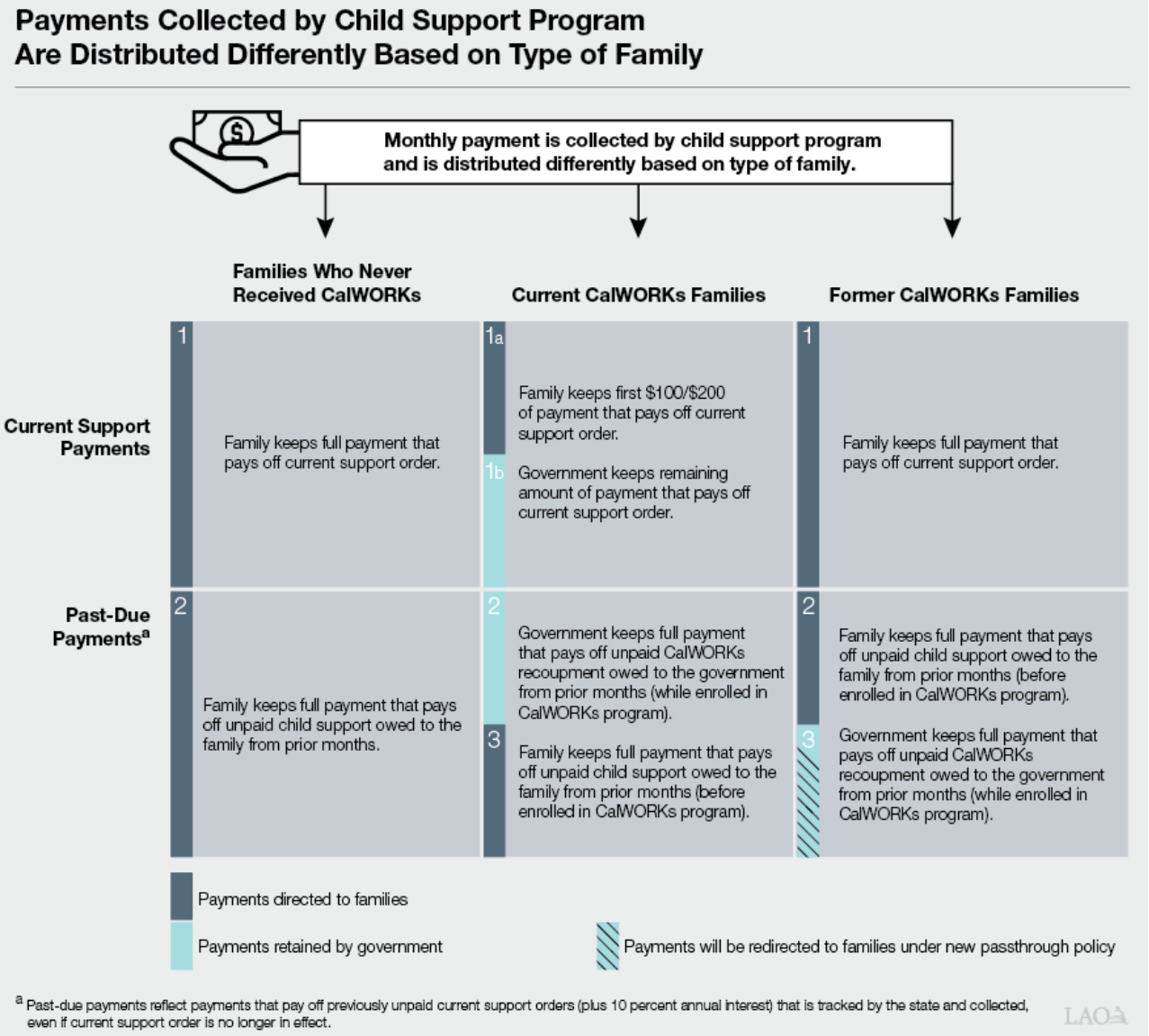
[23] Fam. Code § 3901. Retrieved from https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=FAM&sectionNum=3901.

[24] DCSS (May 1, 2024.)

[25] California Child Support Services. (n.d.). *Debt Reduction Program.* Retrieved from https://childsupport.ca.gov/overview/debt-reduction-program/De.

whether to order a monthly arrears order and the amount of that monthly arrears order are at the discretion of the Commissioner or Judge hearing the case.

Exhibit 1: The California Legislative Analyst's Office's Schematic of Change in Child Support Distribution Policy
(Source: Legislative Analyst's Office[26])



[26] Legislative Analyst's Office (Feb. 27, 2024). *The 2024–25 Budget*, Retrieved from https://lao.ca.gov/Publications/Report/4861#main-content.

Estimated Impact and Caseload

For the budget note to the legislature, DCSS estimated that about 69,000 of the 640,000 FA families would receive about $170 in any given month from child support collections toward PAA.[27] The California Legislative Analyst's Office estimated about a $95 million annual decrease in General Fund revenue (i.e., the state's share of retained collections toward PAA) due to the policy change and about a $105 million annual impact to the General Fund when adding the backfill to counties for their share of CalWORKs recoupment (counties retained roughly 5%).[28] Federal law does not require backfill for the federal share. In FFY2024, DCSS served just over one million child support cases.[29] In contrast, the government caseload nationwide consisted of about 12 million cases in FFY2023.[30] In short, the California caseload is a large share of the national caseload.

[27] California Legislative Analyst's Office. (Feb. 18, 2022). *The 2022–23 Budget: Analysis of Child Support Program Proposals.* p. 5. Retrieved from https://lao.ca.gov/Publications/Report/4550.

[28] Ibid.

[29] California Child Support Services. (Feb. 2025). *Comparative Data for Managing Program Performance: Federal Fiscal Year 2024.* https://dcss.ca.gov/wp-content/uploads/sites/345/2025/02/FFY-2024-Comparative-Data-Report_02192025.pdf.

[30] Federal Office of Child Support Enforcement. (2024). *Office of Child Support Preliminary Report 2023*. Retrieved from https://www.acf.hhs.gov/css/policy-guidance/fy-2023-preliminary-data-report-and-tables.

SECTION 2: RESEARCH QUESTIONS, DATA, AND METHODOLOGY

As part of the piloted equity assessment, DCSS posed four research questions to be answered about *FA Arrears Pass Through* from the administrative data:

- How much PAA is passed through to families?
- Who was impacted?
- How does *FA Arrears Pass Through* help families?
- How does the impact vary for different groups?

DATA AVAILABLE FOR ANALYSIS

All states have centralized disbursement units for processing child support payments. All state child support programs also have automated systems that track transactional data. DCSS extracted the data from dashboards that DCSS developed for *FA Arrears Pass Through* and shared the extract with the Center for Policy Research (CPR), the subcontractor responsible for the analysis of administrative data. The dashboards contain limited demographic data about the children, parent ordered to pay support (PPS), and person ordered to receive support (PRS) (i.e., race and ethnicity of the PPS and PRS, the age brackets of the PPS and PRS, the age bracket of the youngest child, whether all children were emancipated, the gender of the PPS and PTS, and the county of the order). The dashboards only track transactions for child support cases with PAA collections. The data extract did not include cases with PAA, but no child support was collected or distributed to PAA. The inclusion of these cases could have informed the extent that the policy change affected all FA families with PAA. Further, the data available for the analysis did not include several data fields that may be useful to the analysis (e.g. whether there was a monthly order to pay arrears) due to the time and resources necessary to extract and merge other data, the limited scope of data recorded on automated systems, and other reasons. DCSS also did not extract the source of the child support payment (e.g., income withholding, IRS tax intercept, and unemployment insurance intercept) to avoid a potential concern with IRS confidentiality data protocols and because it was not critical to the prime research questions.

DCSS provided a core data extract of 972,277 distributed PAA transactions from May 1, 2024, through November 1, 2024. DCSS deidentified the data by excluding all personal identifiers or substituting pseudo-identifiers for actual identifiers. The pseudo-identifiers are necessary to roll up the transaction data to the case (family) level and participant (PRS/PPS) level. Because data and counts for the month of October differed from the previous months and were generally lower, CPR limited the analysis to distributed PAA transactions from May 1, 2024, through September 30, 2024. (CPR believes the problem with the October data may have been just a lag in reporting and balancing that can spill into the following month if the last few days of the month are on a weekend or a holiday.) This reduced the number of PAA transactions available for analysis to 799,102. CPR also excluded transactions for current assistance and foster care assistance because they have distribution rules that differ from distribution rules for FA cases. Once these transactions were excluded, the final number of analyzed transactions was 676,391 distributed PAA transactions. For the purposes of the analysis, researchers rolled up the transactions over the five-month period (i.e., from May 1, 2024, when *FA Arrears Pass Through* began,

through September 30, 2024) to the case, PPS, and PRS level. CPR also converted the transaction data into monthly totals.

Analytical Method. For the unit of analysis, CPR relied on the case (family), PRS, the PPS, and the monthly total. CPR used SPSS, a common statistical software, to conduct the analysis. The analysis considers differences by race and ethnicity identities, gender, and age category of the PRS and PPS; age category of the youngest child; whether the children are emancipated; and county. In other words, the analysis considers only the demographic characteristics tracked by the dashboards. For the purposes of the analysis, CPR grouped counties by DCSS's classification of California counties into five categories—very large, large, medium, small, very small—and regionalized LCSAs.[31]

[31] California Department of Child Support Services. (Feb. 2025). *Comparative Data for Managing Program Performance: Federal Fiscal Year 2024.* https://dcss.ca.gov/wp-content/uploads/sites/345/2025/02/FFY-2024-Comparative-Data-Report_02192025.pdf

SECTION 3: FINDINGS FROM THE ANALYSIS OF ADMINISTRATIVE DATA

Within the first five months of initiating *FA Arrears Pass Through*, DCSS passed through over $48.5 million in PAA collections to 63,378 FA families. This translated into an average of 3.6 transactions per family over the first five months. In other words, most families received more than one passed through distribution from PAA collections. This indicates that *FA Arrears Pass Through* has become a reliable source of monthly income for many FA families.

In an average month, DCSS passed through a total of $9.7 million from PA arrears collections to FA families.

In the first five months, DCSS passed through PA arrears collections to a total of 63,378 FA families.

On a monthly basis, DCSS passes through an average total of $9.7 million in PAA collections to FA families. These findings generally align with the DCSS estimates prepared for the legislative budget: about 69,000 families and about $11.7 million per month when totaled across all families.[32] This study excluded current CalWORKs and foster care cases, which may cycle back and forth to former CalWORKs status.[33] This likely explains the difference between the estimates and the amounts reported in this study. Another issue is that this study considers the first five months of implementation only. The amount of PAA collections passed through and the number of FA families with pass through may increase over time.

Exhibit 2: Number of FA Families with Passed Through PAA Collections by Race and Ethnicity of the PRS

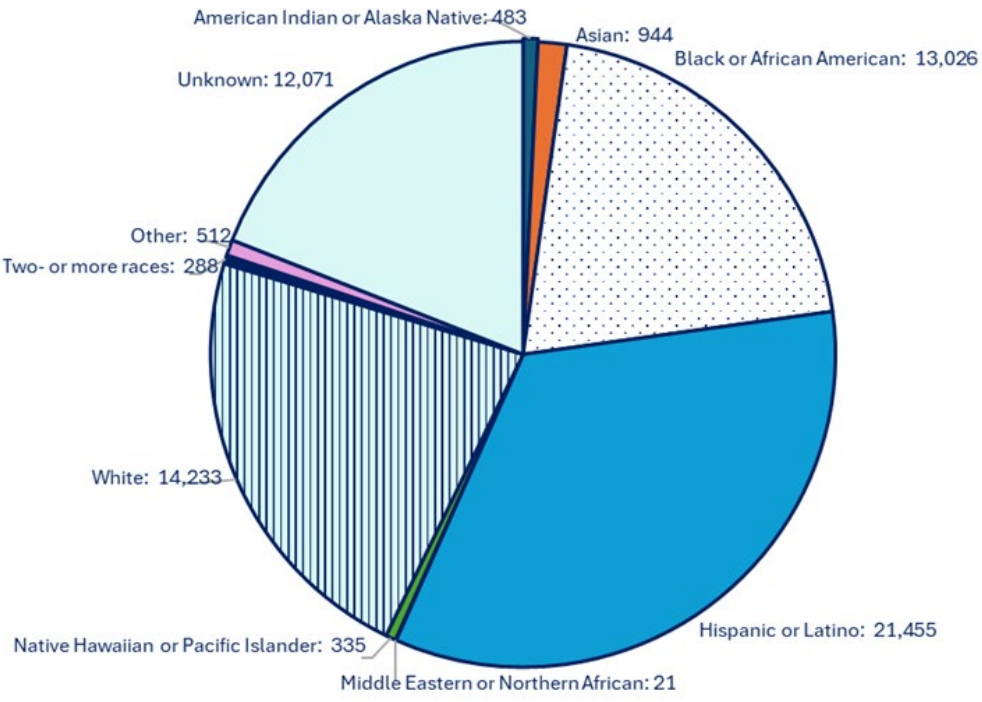


Exhibit 2 shows the number of FA families with

[32] California Legislative Analyst's Office. (Feb. 18, 2022).

[33] Some families cycle back and forth from current to former assistance or foster care to former assistance. Their distribution would vary according to their status in each month. Excluding them facilitates trend analysis and other types of analyses. Nonetheless, including those with current assistance and foster care would increase the number of FA cases receiving PA arrears to 69,000, which is the estimated count.

passed through PAA collections by race and ethnicity of the PRS. Exhibit 2 shows that the three largest race and ethnicity groups with passed through PAA collections are Hispanic or Latino (21,455 FA families), White (14,233 FA families), and Black or African American (13,026 FA families). It also shows a significant number of FA families in which the race and ethnicity of the PRS is unknown (12,071 FA families). This amounts to about one out of five FA families.

Exhibit 3 compares the race and ethnicity[34] of all California children in 2023 by CalWORKs cases in 2023[35] and FA families with passed through PAA collections in the first five months of the policy change. The data do not mirror each other, so they are not comparable but still provide insights on the impact of *FA Arrears Pass Through*. The racial and ethnic composition of families receiving CalWORKs will not mirror the racial and ethnic composition of California children because of racial and ethnic differences in family income. CalWORKs is an anti-poverty program and California children of color generally have higher poverty rates than White children.[36] The racial and ethnic composition of FA families with passed through PAA collections will also not mirror the racial and ethnic composition of families receiving CalWORKs. There are several reasons. First, a FA family with child support arrears would need to have had a child support order, whereas not all CalWORKs families have child support orders. The reasons for not having a child support order range from the nonresident parent or PRS being deceased to non-parent caretaker issues to a case closure caused by a concern of family violence. Secondly, child support arrears would have had to accrued while the family received cash assistance from CalWORKs. Arrears would not accrue if the child support was paid in full when the family was receiving cash CalWORKs assistance. There are many factors that would have affected payment at that time (e.g., the ability of the PPS to pay and whether immediate wage withholding was effective). Finally, child support would have to be collected later (i.e., after PAA accrued) for there to be passed through PAA collections. The same factors that affect payment at the time the family received assistance affect payment when the family no longer receives assistance (e.g., the ability of the PPS to pay and whether immediate wage withholding was effective). This suggests that either the PPS circumstances changed to go from non-payment when the family currently received CalWORKs to when PAA were collected or an improvement in DCSS and LCSA enforcement and collection methods occurred between the two time periods. The root cause if the change is beyond the scope of this analysis.

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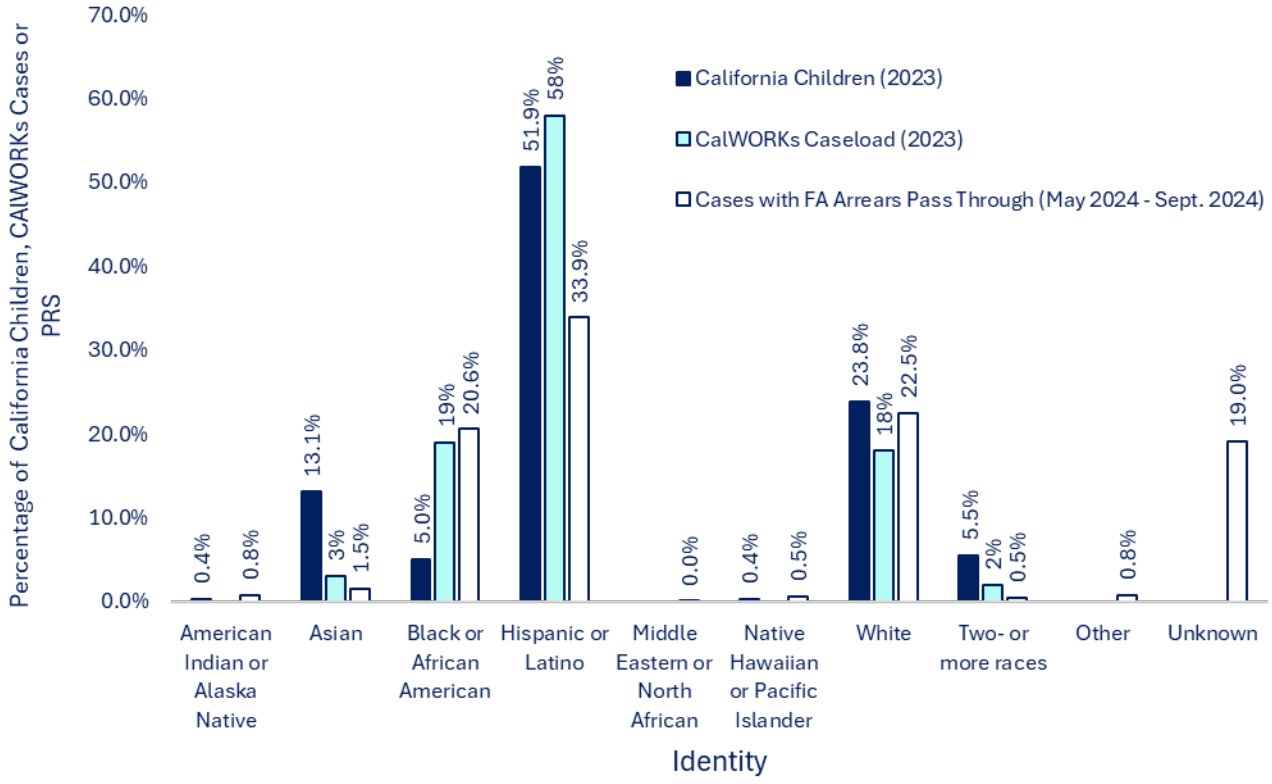
[34] The underlying data is from the 2023 U.S. American Community Survey conducted by the U.S. Census Bureau compiled and analyzed by the Annie E. Casey Foundation for its *Kids Count Data Center.* Retrieved from https://datacenter.aecf.org/data/tables/103-child-population-by-race-and-ethnicity?loc=1&loct=1#detailed/2/6/false/2545/72,66,67,8367,69,70,71,12/423,424.

[35] California Department of Social Services. (n.d.). *CalWORKs Families: Race/Ethnicity, Language, Citizenship and Education Characteristics of CalWORKs Cases FFY 2023*. Retrieved from https://www.cdss.ca.gov/inforesources/calworks-summary/calworks-families.

[36] For example, KidsData, a program of the Population Reference Bureau that focuses on California, reports that the 2023 child poverty rates in California were 14.0% among African American/Black children, 8.8% among Asian American children, 18.2% among Hispanic/Latino children, and 8.2% among White children. Kidsdata.org (n.d.) *Children in Poverty—California Poverty Measure, by Race/Ethnicity (California Only).* Retrieved from https://www.kidsdata.org/topic/2086/cpm-poverty-race/table#fmt=2597&loc=2&tf=163&ch=7,726,10,9,127.

Exhibit 3 shows that the most commonly represented race and ethnicity across all three populations (i.e., California children, families receiving CalWORKs, and families with PAA distributions) was Hispanic or Latino. The second most frequent was White. However, a caveat to this finding concerns the significant share of cases with *FA Arrears Pass Through* where the race and ethnicity of the PRS is Unknown (19.0%). If the actual race and ethnicity of the Unknowns could be identified, it could skew the percentages shown in Exhibit 3. For example, say all unknowns are actually Hispanic or Latino; then the percentage of FA families would be almost 50% Hispanic or Latino, which is more comparable to the compositions of California children and CalWORKs families, which are 52% and 58%, respectively, Hispanic or Latino.

Exhibit 3: Comparison of California Population, CalWORKs Caseload, and PRS with *FA Arrears Pass Through* by Race and Ethnicity



Case (Family) Level Analysis: Disbursements to Families

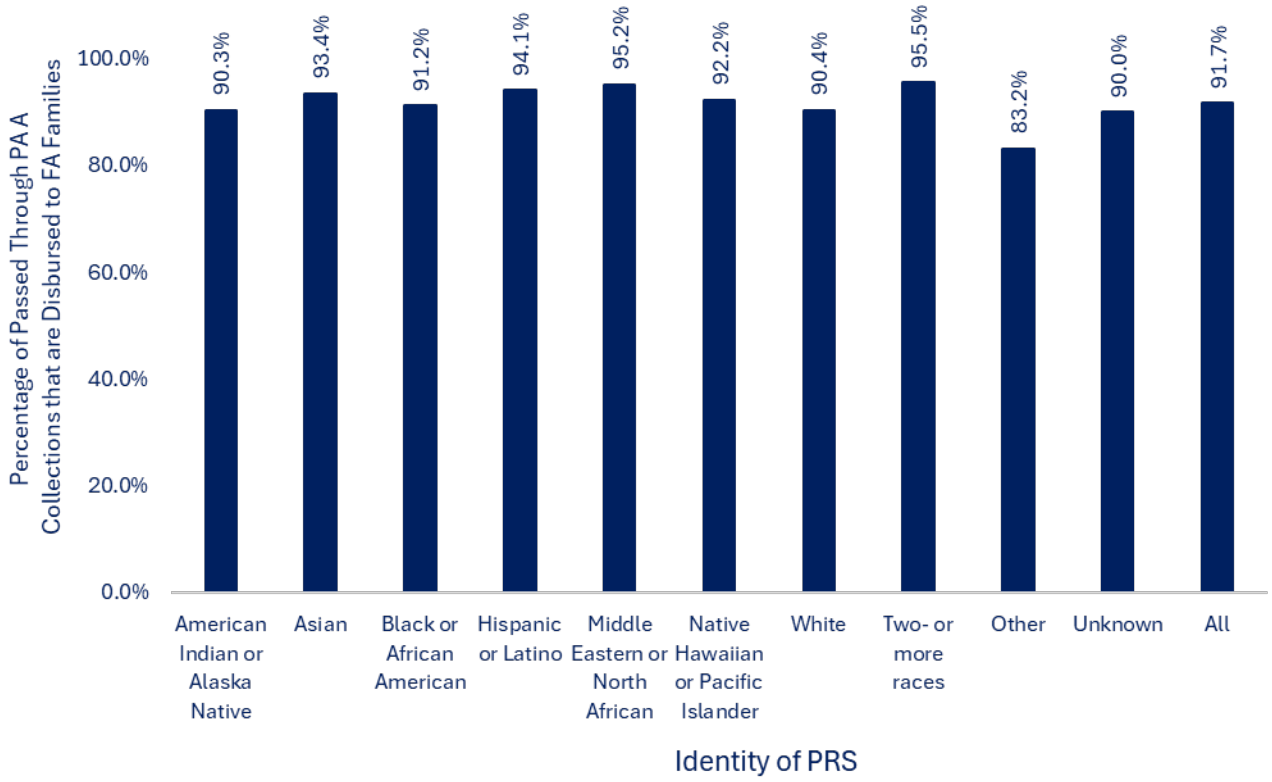
Once DCSS receives a child support payment, it must determine how it will be distributed. When it is to be distributed to the FA family, which is the case of *FA Arrears Pass Through*, DCSS disburses PA child support collections to the FA family by check, direct deposit, or electronic benefit card (EBC). The distinction between distribution and disbursement is important because disbursement means the passed through PAA collections were actually sent to the FA family. At the time of the analysis, DCSS disbursed most (91.7%) of the PAA collections passed through to FA families. Among

DCSS disbursed most (91.7%) of the PAA collections passed through to families. The rate did not vary significantly by racial or ethnic identity of the person ordered to receive support (PRS).

other things, actual disbursement requires that the PRS has signed up for direct deposit, EPC, or has a good mailing address.

Exhibit 4 shows the disbursement rate by racial and ethnic identity. Apart from PRS whose race and ethnicity is listed as Other, there were no statistical differences in disbursement rates by racial and ethnic identity included those where the PRS race and ethnicity was Unknown. This suggests that there are no racial and ethnic differences in DCSS's and LCSA's abilities and efforts to locate PRS eligible for passed through PAA collections. However, there is a concern among those where the PRS race and ethnicity was Unknown. Their lower (albeit not statistically significantly lower) disbursement rate and unknown race and ethnicity may reflect their lack of engagement with DCSS or the LCSA; specifically, both the address of the PRS and the race and ethnicity of the PRS may be unknown because DCSS and LCSA are not in contact with the PRS.

Exhibit 4: Percentage of PAA Collections that Is Actually (Received) Disbursed to the FA Family by Race and Ethnicity of the PRS in the Case



Disbursement Rates by Other Characteristics and County Size

The data were also disaggregated and analyzed by the age category of the PRS and PPS, age category of the youngest child, gender of the PRS and PPS, whether the children were emancipated, and county. There was more variation in the disbursement rates by age. The youngest group of PRS (i.e., under the age of 30 years old) has the highest disbursement rate (98.1%), while the oldest group of PRS (i.e., 60 years or more) has the lowest disbursement rate (85.0%). The disbursement rate gradually decreased

with each older age group. The pattern was identical for the PPS. Consistent with the age patterns of the PRS and PPS, the disbursement rate was higher for younger children and lower for older children. The disbursement rate when the youngest child was less than five years old was 98.6%, and 89.8% when the youngest child was 15 years old or more.

There was no significant difference in disbursement rate by gender of the PRS or PPS. For example, female PRS had a disbursement rate of 91.8%, while male PRS had a disbursement rate of 90.1%. Although nonbinary was an option, this option was noted for only one PRS.

Emancipated Children

A concern that arose about the PAA policy change was that it would mainly benefit low-income, FA families with adult children.[37] Nonetheless, the impact of the California legislation is that age of the child is irrelevant; that is, all FA families should receive PAA distributions regardless of whether all children have emancipated and whether the PRS and the children still live together.

More than a third (39%) of the disbursements were to FA families with a minor child (i.e., at least one unemancipated child). FA families with minor children had a significantly higher disbursement rate (96.0%) than those with adult children; that is, all children were emancipated (89.0%).[38] There were also age differences and racial and ethnic differences between families with minor and adult children. Older PRS and PPS were more likely to have emancipated children. This may reflect the timing of the birth of the child and the lapse in time since the family received CalWORKs. There were also some racial and ethnic differences in families with a minor child. In comparison to the average percentage of FA families with disbursements that had at least one minor child (39%), PRS who identified as Middle Eastern or North African (MENA) were more likely to have minor children (52%) but the difference was not statistically significant due to the small number of PRS who identified as MENA. Those with two or more races, however, had a higher percentage of minor children (73%).[39] Three identity groups had below-average percentages of minor children: American Indian or Alaska Native (34%), Black or African American (34%), and White (33%). Only PRS who identified as Black or African American or White were statistically different than the average.[40]

County Size

There were no significant differences in disbursement rates by county size or whether counties are part of regional LCSAs. Specifically, the disbursement rates were 91.6% for very large counties, 91.8% for large counties, 91.9% for medium counties, 92.8% for small counties, and 91.2% for very small counties.

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[37] California Legislative Analyst's Office. (Feb. 18, 2022). *The 2022–23 Budget: Analysis of Child Support Program Proposals.* p. 6. Retrieved from https://lao.ca.gov/Publications/Report/4550.

[38] Chi-square, $\alpha < .01$.

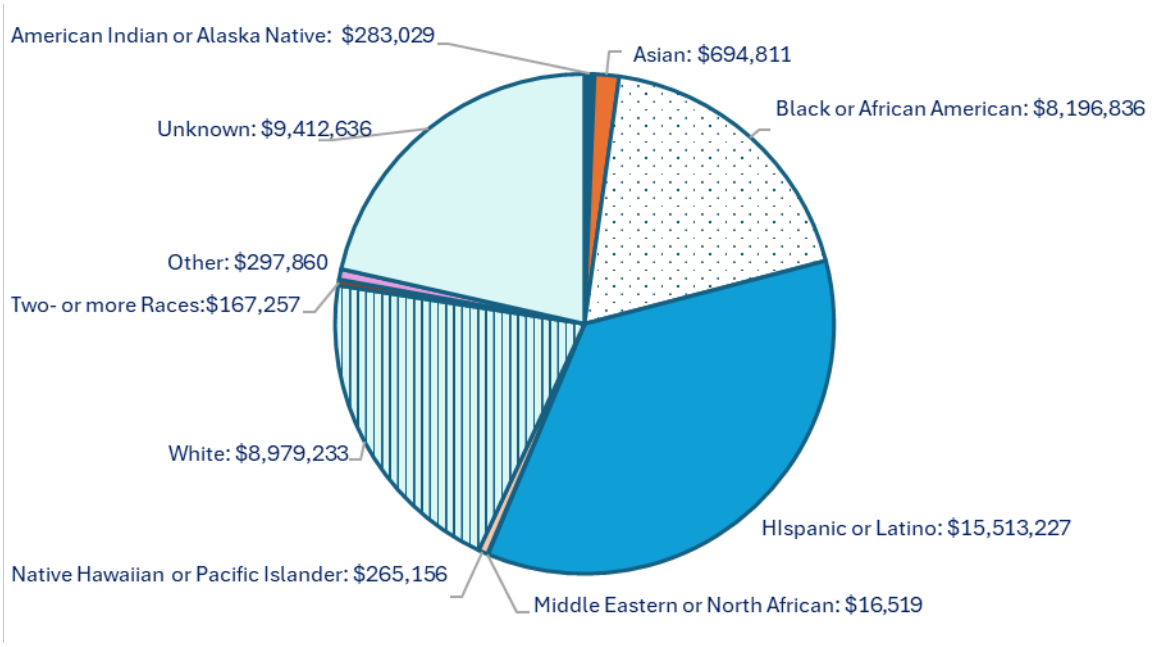
[39] Chi-square, $\alpha < .01$.

[40] Chi-square, $\alpha < .01$, and Chi-square, $\alpha < .01$.

Dollars Disbursed

As already stated, within the first five months of initiating *FA Arrears Pass Through*, over $48.5 million was passed through to 63,378 FA families. When limited to those with disbursements (i.e., received a check or direct deposit or EPC with the passed through PAA collection), $43.8 million was disbursed to 58,149 FA families. Exhibit 5 shows the total dollars disbursed to families from passed through PAA collections in the first five months of implementing *FA Arrears Pass Through*. It shows that Hispanic and Latino families, White families, and Black or African American families received the three largest shares of dollars disbursed.

Exhibit 5: Total Dollars Disbursed in the First Five Months to FA Families by Race and Ethnicity of the PRS



Average Disbursement

The average dollars disbursed per FA family over the five months analyzed was substantial: $692. In contrast, the median over the five months was $283. The difference between the average and the median speaks of the wide range of amounts disbursed. More FA families received disbursements below the average amount ($692 over the five months tracked), but the average was dragged up by a small number of FA families with large disbursements. Nonetheless, the average and median disbursement in the first five months does

For those FA families that received disbursements in every month, they received an average of $163 in passed through PAA collections each month.

For those FA families that received a disbursement in only one month, they received an average of $702 in passed through PAA collections in that one month.

not totally reflect the impact on FA families.[41] Instead, whether disbursement was a one-time disbursement or a recurring month-to-month disbursement can better inform the impact on FA families. Monthly disbursements become regular income that FA families can count on. A FA family may only receive one disbursement if there was a one-time payment due to arrears negotiation, an IRS tax refund intercept, a payment to reinstate a passport renewal that was denied due to child support arrears, or for another reason. Income from a one-time disbursement may be used to pay down debt the FA family accumulated, to purchase large budget items (e.g., car repairs), or for another purpose. In short, all disbursements help FA families, but the impact may differ depending on whether it is a regular monthly disbursement.

Dollars Disbursed by Frequency of Disbursement

Almost half (44%) of the FA families with disbursements received PAA collections in each of the five months examined. In other words, PAA distribution is a source of regular income for these FA families. The regularity of the disbursement may result from an arrears order that is paid monthly through a wage assignment. The analysis could not determine whether this was indeed the case due to data limitations. Whether there is an order to pay monthly arrears depends on the circumstances of the case including the ability of the PPS to pay. Whether there is wage assignment depends on whether the PPS is employed by an employer who complies with income withholding orders, is self-employed, or works off the books: that is, for an employer who does not report income to the state for the purposes of the state's unemployment or worker's compensation programs and also probably does not garnish wages.

Racial and Ethnic Differences in Monthly Disbursements

Examination of Exhibit 6 suggests some small racial and ethnic differences in how often FA families received disbursements: each of the five months; only one month; or in two, three, or four months. The percentage receiving disbursements each month—hence, regular monthly income—ranged from 34% (among those where the racial and ethnic identity of the PRS was two or more races or ethnicities) to 50% where the racial and ethnic identity of the PRS was categorized as Other. In all, however, the analysis of disaggregated data did not find any one race or ethnic identity has significantly more or less reliable monthly income from *FA Arrears Pass Through* disbursements than another specific identity.

Amount of Monthly Disbursement when Received Each Month

On average, $163 per month was disbursed in each of the five months to these FA families receiving regular PAA distributions, while the median amount disbursed was $100 per month. Some very large disbursements dragged the average above the median amount. Exhibit 7 uses a histogram to show the statistical distribution of the amount received monthly from passed through PAA collections among

[41] Another issue with analyzing racial and ethnic differences in *FA Arrears Pass Through* concerns the several points in time in the build-up of PA arrears and the payment of PA arrears where racial and ethnic differences can occur. Explicitly, any racial and ethnic difference in CalWORKs receipt and any racial and ethnic differences in the ability of the PPS to pay support at the time the family is receiving cash assistance would affect any racial and ethnic differences in the build-up of PA arrears. In addition, any racial and ethnic differences in the ability to pay PA arrears, collections and monthly arrears orders would affect racial and ethnic differences in the average disbursement per FA family. The analysis of racial and ethnic differences at these various points requires additional data that is beyond the scope of this study.

those with regular disbursement. It shows half (50.6%) of those with disbursements received $100 or less per month on average. While the remaining half received more.

Exhibit 6: Number of Months with Disbursements by Racial and Ethnic Identity of the PRS

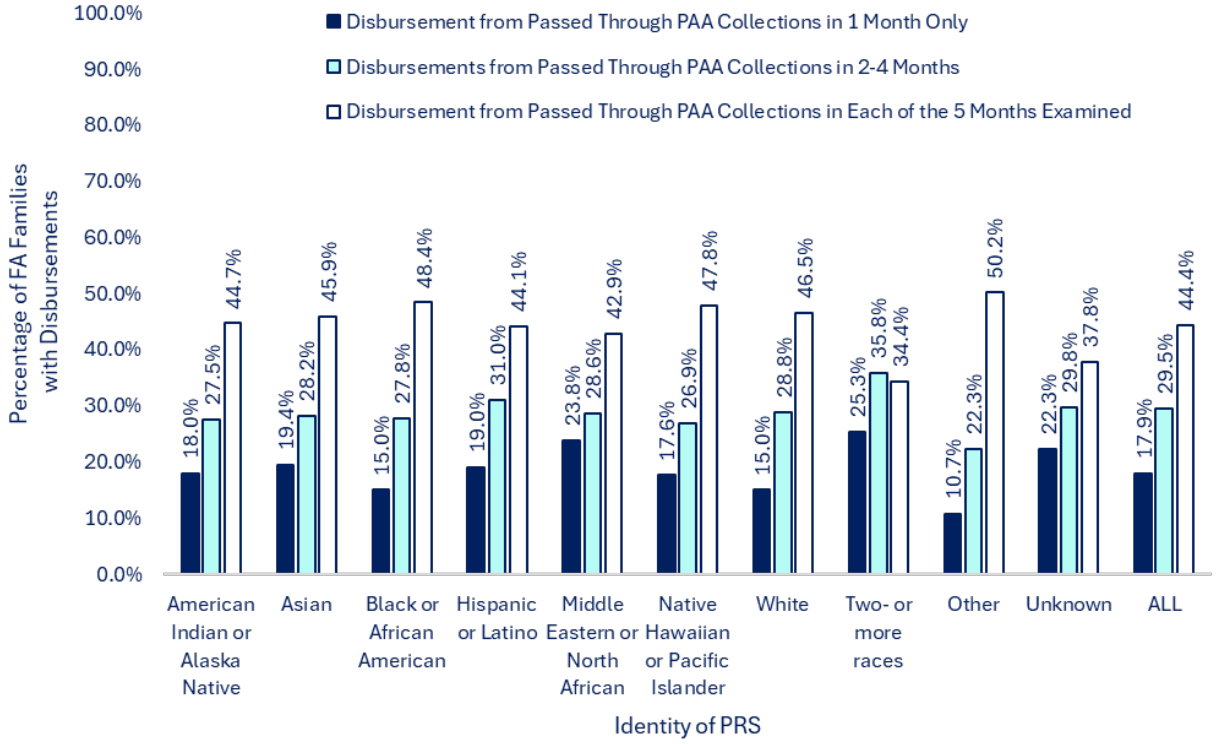
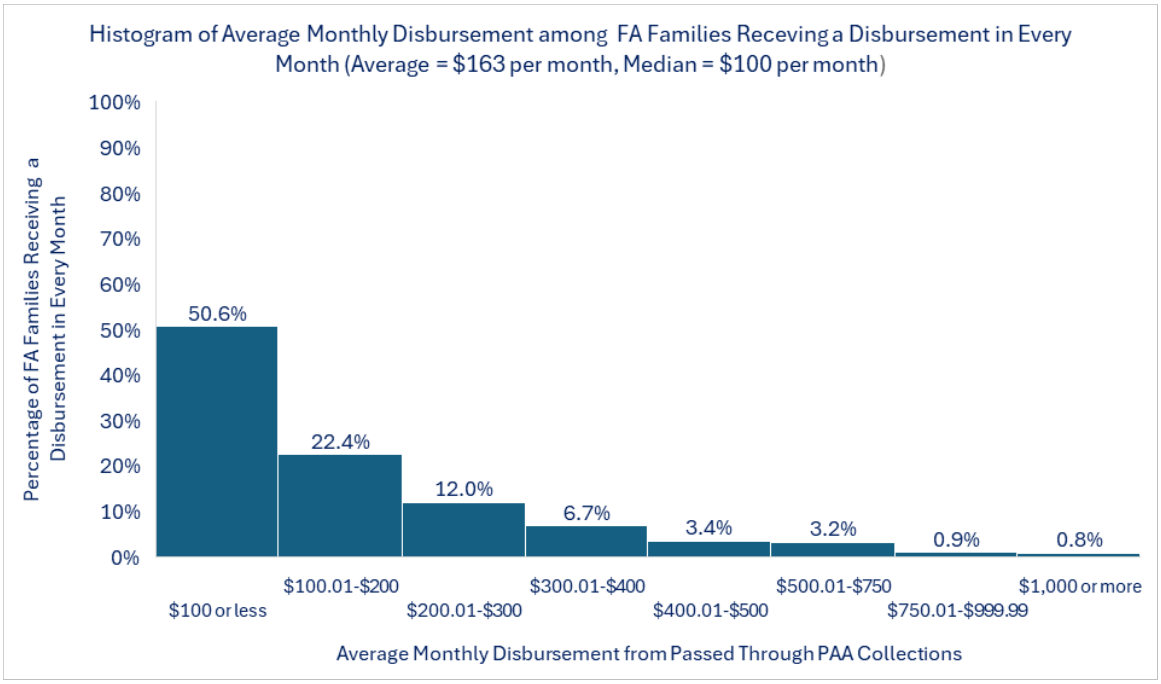


Exhibit 7: Statistical Distribution of the Amount Received Monthly among FA Families Receiving Disbursements in Every Month

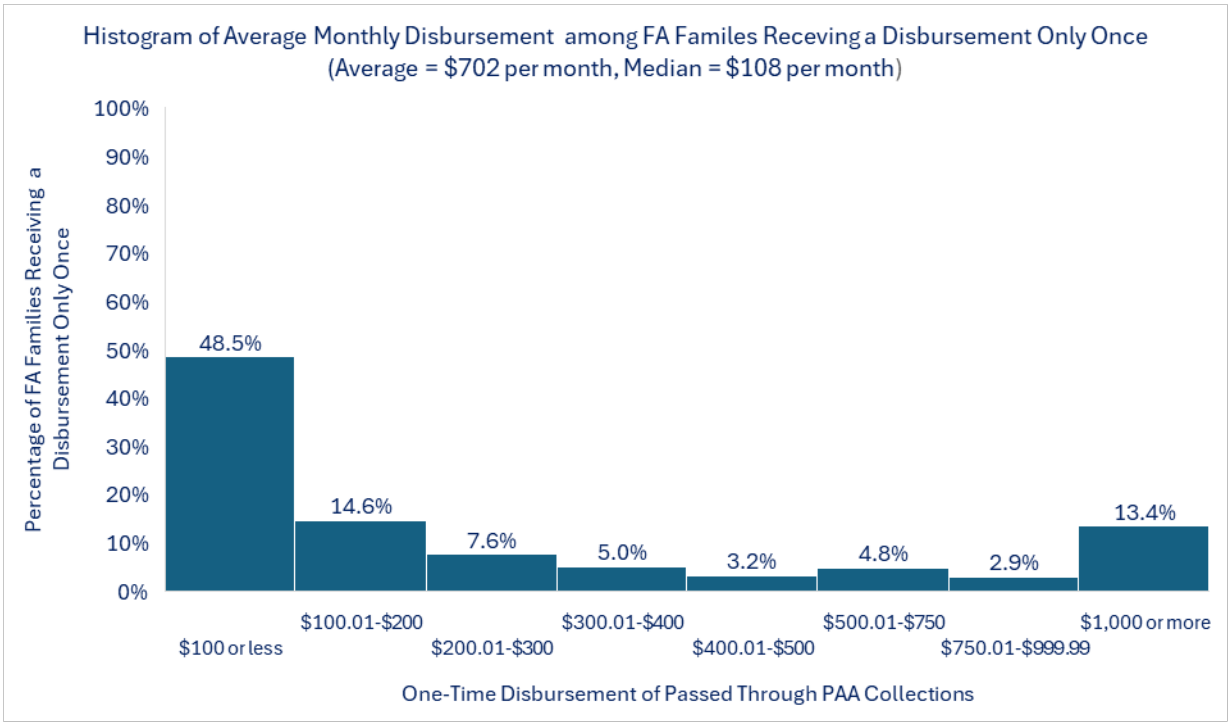


When disaggregated and analyzed by race and ethnicity, the average monthly disbursement ranged from $108 per month (among PRS who identified as Two or More Races) to $180 per month (among PRS whose racial and ethnic identity was Unknown). For those, who identified as one specific race and identity, the average ranged from $154 per month (among PRS who identified as MENA) to $192 per month among PRS who identified as Pacific Islander or Hawaiian). In all, small differences between specific races and ethnicities exist. The differences between these averages were not statistically significant.

Amount Disbursed in One-Time Disbursements

Another 18% of families received a disbursement in only one of the five months analyzed. The average dollars disbursed in one-time disbursement was $702, while the median amount disbursed was $108 in that month. Exhibit 8 shows the statistical distribution of those one-time disbursements using a histogram. It shows that less than half (48.5%) of one-time disbursements were $100 or less, while 13% had one-time disbursements of $1,000 or more. The latter would drag the average up. It is likely these one-time disbursements were lump-sum payments, such as a debt reduction settlement or an IRS tax intercept, or payment from another source. Data on payment methods was not made available for the analysis. In summary, the dollar amount of these one-time disbursements varies considerably.

Exhibit 8: Statistical Distribution of the Amount Received among FA Families with One Disbursement



With regard to differences in one-time disbursement by race and ethnic identity, the average ranged from $536 (among American Indian and Alaska Natives) to $1,667 (among PRS who identified as MENA). The difference between these averages was not statistically significant partially due to the small number of PRS who identify as MENA. The differences were also not statistically different between other groups.

More than A One-Time Disbursement but Less than Monthly

Besides the 44% that received disbursements in every month and the 18% who received disbursements in only one month, the remaining 38% received disbursements in two, three, or four of the months analyzed. It is not entirely clear why disbursements were made in some, but not all the months analyzed. For some, there was a passed through PAA collection that was not disbursed, and for others PAA may have been collected in one month but not another. This could have been due to factors such as an address change that had not been updated yet, or a job change of the PPS, which would have affected income withholding among those with monthly orders to pay down arrears.

Other Findings on Dollars Disbursed

Characteristics of the PRS and PPS. With regards to other disaggregated data, there was some correlation with the ages of the PRS and the PPS and regular disbursements. Older PRS were more likely to have regular monthly disbursements, whereas younger PRS were more likely to have a one-time disbursement. There were also some small differences by gender. PRS who identified as female were more likely to have a disbursement in every month (46%) than PRS who identified as male (40%).

Age of the Youngest Child and Emancipation of the Children. Just as older PRS were more likely to have disbursements every month, so were FA families with older children. Over half (54%) of FA families with older children (i.e., all children were emancipated) were likely to have disbursements every month, compared to 32% of FA families with at least one minor (unemancipated) child.[42]

County Differences. There were very small differences by county size. FA families from very small counties had a slightly smaller percentage with disbursements in every month (41%) compared to FA families in large and very large counties (45% and 44% respectively). The percentages in small and medium counties were in between the percentages for very small and large counties.

Disbursement Method

Almost half (48%) of the disbursements were through check, 18% were through direct deposit, and 31% were through EPC; and the disbursement method was unknown among 3% of the orders with disbursements. The only race and ethnic groups to have an above-average percentage with disbursements through checks were American Indian or Alaska Native (54%), MENA (58%), Other (60%), and Unknown (55%).[43] Regarding age, older PRS were more likely to receive disbursements by check. For example, 66% of PRS ages 60 and over received disbursements by check, while only 46% of PRS less than 30 years old received disbursements by check.[44] Data was only collected for those in which a disbursement occurred. It was not collected for those with *FA Arrears Pass Through*, but a disbursement never occurred. It would also be interesting to analyze the disaggregated data by what disbursement method a parent signed up for. This would require analysis of all cases with PPA not just those with PAA collections.

[42] Chi-square, $\alpha < .01$.

[43] Chi-square, $\alpha < .01$.

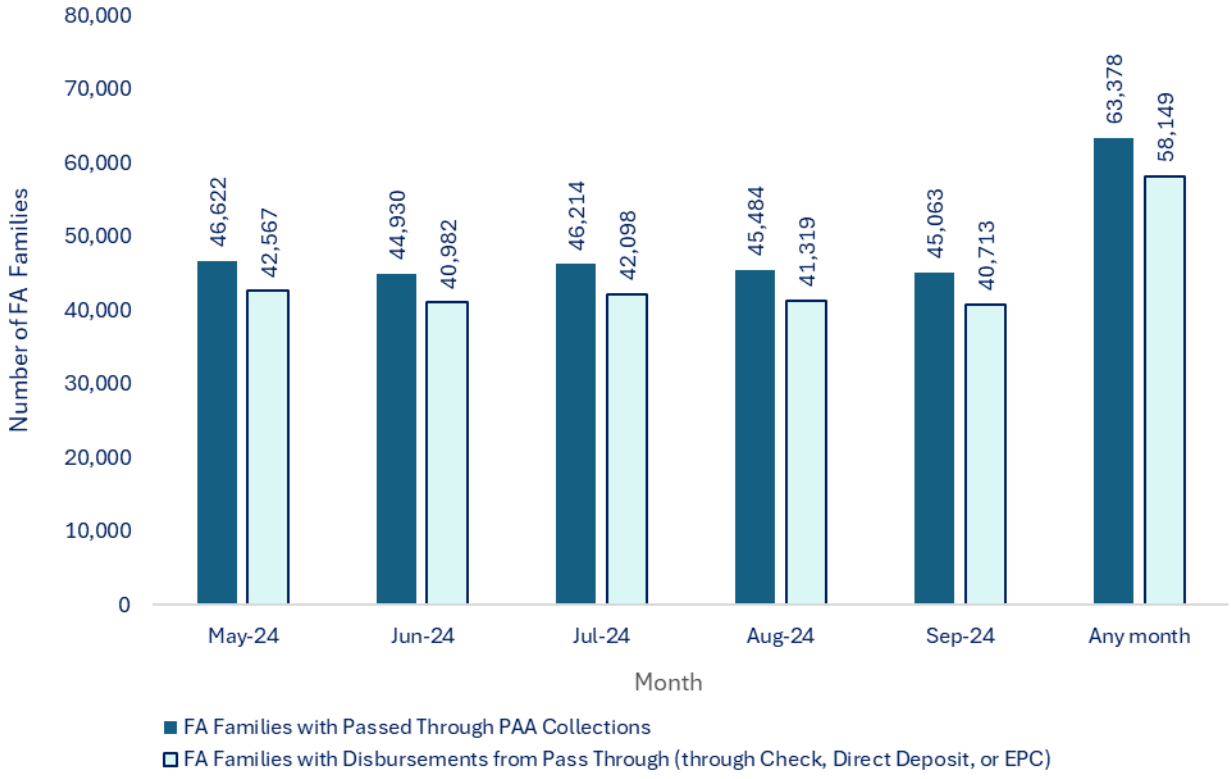
[44] Chi-square, $\alpha < .01$.

Changes from Month to Month

One theory is that PAA collections will increase over time because PPS will be more likely to make voluntary payments if they know it is going to the family rather than retained by the government. With regard to disbursements, one theory is that over time more PRS will ensure that their address is verified or sign up for direct deposit or EPC to facilitate payment. Neither of these trends are evident yet in the first five months of California's *FA Arrears Pass Through*. Research from other states suggests that awareness of a policy change is not always immediate or evident.[45]

Exhibit 9 shows that the numbers of FA families with passed through PAA collections and FA families with disbursements from *FA Arrears Pass Through* have changed little from month to month. The number of FA families with passed through PAA collections ranged from about 45,000 to 46,000 per month, and the number of FA families with disbursements ranged about 40,000 to 42,000 per month. A trend analysis of disaggregated data by various characteristics (including race and ethnicity), also found little month to month variation.

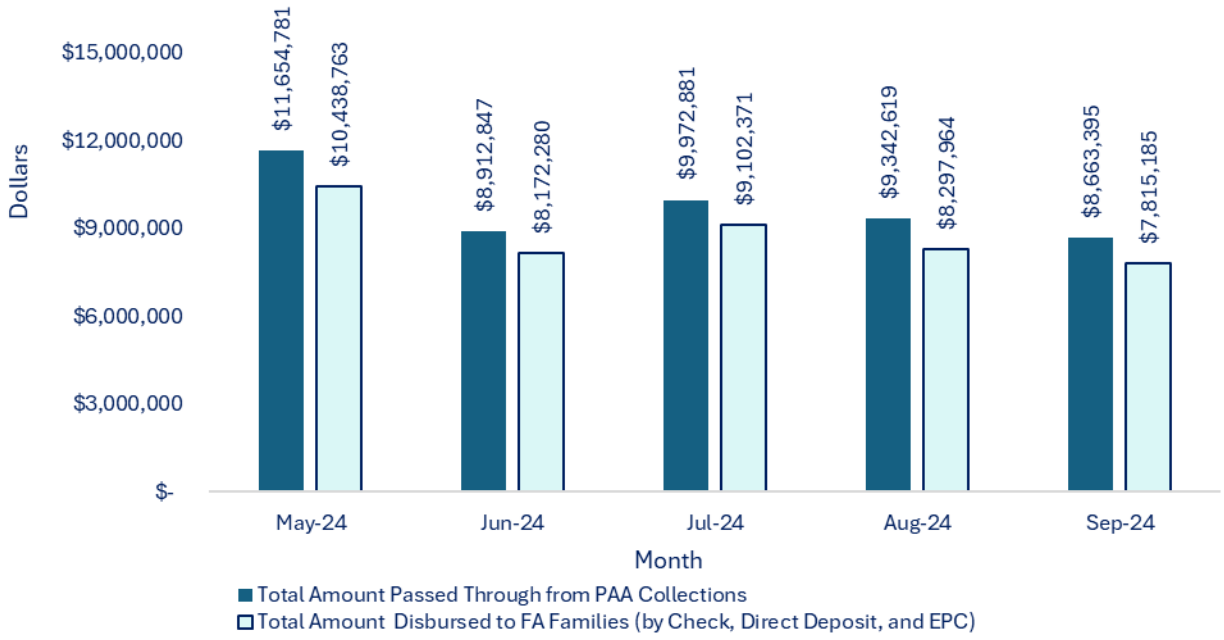
Exhibit 9: Number of FA Families with Passed Through PAA Collections and Number of FA Families with Disbursed PAA Distributions (through Check, Direct Deposit or EPC) by Month



[45] Logan Passarella, Letitia & Hall, Laura. (Oct. 2021). *Child Support Pass-Through: Early Outcomes in Maryland*. Retrieved from https://www.ssw.umaryland.edu/media/ssw/fwrtg/child-support-research/cs-initiatives/Child-Support-Pass-Through,-Early-Outcomes.pdf.

Understanding trendlines in the total dollars disbursed and distributed over time adds layers of complexity to the trendlines of the numbers of affected FA families. Not only do they relate to the factors that affect the number of FA families with passed through PAA collections and disbursements, but they may also be affected by seasonal differences including seasonal employment that determines whether child support can be collected via wage assignment, a downturn in the economy that could trigger increased collections from intercepting an increase in the number of PPS claiming unemployment, tax refund season, and several other factors. Exhibit 10 shows the largest distributions occurred in the first month, but after that the dollar amount was pretty steady for the next three months and then declined in September, the last month analyzed. Without knowing the amount that was collected in each of these months and how it was collected, it is difficult to speculate on what caused the change over time. For example, the decrease in September may be driven by the seasonality of IRS tax intercepts or another factor.

Exhibit 10: Total Dollars Passed Through from PAA Collections and Total Dollars Disbursed (by Check, Direct Deposit, and EPC) by Month



Passed Through PAA Collections that Are Not Disbursed

Although it occurs for a small percentage of the FA families with PAA distributions (i.e., 8.3% in the first five months of implementing the policy change), there are several reasons that child support distributions are not disbursed to families. Some of the more common reasons include trouble locating the PRS or the PRS is deceased. Location issues may be temporary. It may change over time as DCSS and LCSAs take extra measures to locate PRS or sign them up for direct deposit or EPC instead of mailing checks. Nonetheless, it is the state policy that if any pass-through payment cannot be delivered to a FA PRS for a period of six months, that disbursement shall be retained for recoupment; yet, the PRS can make a claim for the pass through payment within 12 months of the payment being sent to

recoupment.[46] Since the data analyzed represents the first five months of *FA Arrears Pass Through,* there is an insufficient number of months to consider the extent that PAA distributions are recouped and PRS make subsequent claims.

If the PRS is deceased, policy directs that the PA distribution be retained to reimburse previous cash assistance through CalWORKs. Verifying a PRS is deceased can also take several months. Despite the lags, a deceased PRS was noted among 0.4% of FA families. The percentage varied little when disaggregated data were analyzed. For example, it was 2% among FA families where the PRS was at least 60 years old. It never exceeded 1% for any specific race or ethnic identity.

PRS and PPS with Disbursements from Multiple Orders

So far, the analysis has mostly considered data at the FA family level. Some PRS and PPS may have multiple orders. Due to data limitations, the analysis can only identify those with disbursements from more than one order. This point is illustrated by a hypothetical case example where Rylie is a PRS who has two FA child support cases in which PAA are owed in both cases. In one case, the PAA are owed by Alex. In the other case, the PAA are owed by Chandler. If payments are received from Alex but not Chandler, the data extract is insufficient to note that Rylie had two orders. Rather, the data will only note child support disbursement on the case where Alex is the PPS. Only 1.9% of PRS had two or more FA cases with PAA distributions. Only 12.9% of PPS had two or more FA cases with PAA distributions.

Employment and Income of PPS

Although not part of the *FA Arrears Pass Through* Dashboard, data on current employment status and wages were made available for some PPS to FA families with PAA distributions. Current employment status data was available for 72% of PPS to FA families with PAA distributions. Wage data was available for exactly half (50%) of the PPS, and 42% of PPS were noted as being currently employed. When limited to the subset of PPS where current employment status was known (i.e., an attempt was made to verify it recently), 56% of PPS with PAA distributions had verified current employment.

For those with income information, the average and median income were $33,067 and $29,513, respectively, per year. In contrast, a 40-hour workweek at the California minimum wage in 2024 ($16.00 per hour) would be $33,280 per year. In all, 55% of PPS with income information had an annual income less than full-time, minimum wage earnings.

Those whose current status was employed were more likely to have more months with disbursements than those whose current status was unknown or not employed. Almost half (48%) of those with current employment had a disbursement every month, while the comparable percentages were 28% and 24% among those where the current employment status was none or unknown. Currently employed PPS may be more likely to have an income assignment of a monthly arrears order that facilitates payment.

[46] California Department of Child Support Services. (May 1, 2024).

There was also a correlation between the amount of income and the dollars disbursed. Classical regression analysis found that income and disbursement were correlated. Roughly, each additional $1,000 in annual income resulted in a $6 increase in PAA disbursement in the five months examined.[47] More months of data are needed to determine the impact over a year, how it fluctuates from month to month, and whether fluctuations in income affect the correlation.

Analysis of Employment and Income Data by Disaggregated Data

The data were also disaggregated by age group of the PPS and race and ethnicity of PPS, then analyzed. Current employment was more likely to be verified for younger PPS (e.g., 51% of PPS who were younger than 30 years old had verified employment) and steadily decreased for older groups (e.g., 28% of PPS who were 60 or older had verified current employment).[48] Despite the differences in current employment status, two age groups had significantly less income: PPS who were under 30 years old and PPS who were 60 years old or more.[49] This is consistent with trends in earnings; that is, young workers earn less and many older workers may cut back or are partially or fully retired.

There were also racial and ethnic differences in the percentage of PPS who were verified to be currently employed. The percentages verified to be currently employed were the highest for PPS who identified as Two or More Races (48%), Black or African American (47%), and Native Hawaiian or Pacific Islander (46%). This does not appear to be driven by selection bias in whose employment was verified and not verified. The percentage in which current employment status was verified was 74–75% for all racial and ethnic identities except two or more identities. There was no to little variation in the average income by racial and ethnic identity of the PPS except for those who identified as American Indian or Alaskan Native or MENA had lower incomes on average. For other races and ethnic identities, the average incomes were in the $32,000 to $34,000 per year range. The finding, however, is limited to families where there was a PAA disbursement and income information was known. As a consequence, it cannot be used to generalize about the incomes of all PPS.

[47] Student t-test, $\alpha < .05$.

[48] Chi-square, $\alpha < .01$.

[49] F-test, $\alpha < .01$.

SECTION 4: CONCLUSIONS AND RECOMMENDATIONS

The analysis of administrative data can be informative to child support policy. This study demonstrates that *FA Arrears Pass Through* positively affected many FA families by putting more child support collections in the hands of FA families. The FA families benefiting from *FA Arrears Pass Through* vary in race and ethnicity and age. Almost half of FA families received passed through PAA collections in each of the five months analyzed. This means that *FA Arrears* Pass *Through* has produced a regular income source that many FA families can count on month to month. With regard to the equity analysis being piloted, the analysis of administrative data found no significant racial and ethnic differences of major concern. There is a notable percentage of PRS with Unknown race and ethnicity (19%), but the disbursement rate (the percentage that actually received the passed through PAA collections) was not statistically lower for PRS with Unknown race and ethnicity. Some race and ethnic groups also relied more on checks for disbursements than other groups, such as American Indian or Alaska Native, MENA, and those with Other or Unknown racial or ethnic identities. These findings suggest an information campaign about the benefits of direct deposit and EPC directed at older PRS and PRS of the race and ethnic groups more likely to rely on checks may put more child support collections in the hands of these FA families.