

Colorado Model Office Project

EVALUATION OF COLORADO'S DIRECT WAGE WITHHOLDING INITIATIVE

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INTRODUCTION

As part of the Colorado Model Office Project, Direct Wage Withholding (DWW) was initiated in interstate cases as a way to get child support payments to the custodial parent faster and to decrease the workload for county child support workers. The goal of this intervention was to use direct wage withholding as an enforcement remedy of first resort in a cooperative arrangement with several states where Colorado has a significant volume of interstate cases. Direct Wage Withholding is an alternative to traditional collection remedies through UIFSA statutes. The development of policies and procedures and the actual execution of the direct wage withholding requests were handled centrally in the state office. It was hoped that centralizing the DWW effort would facilitate Colorado's ability to work directly with employers and child support staff in the participating states and improve the state's ability to identify and resolve problems.

Texas and Arizona were chosen to do the pilot along with three Colorado counties. Arizona committed to the project on a state-wide basis and Texas committed two of its large counties. It was decided that the county offices in Colorado would send direct wage withholding orders to employers instead of going through the interstate office. Workers in all test counties were instructed to use direct wage withholding whenever possible. Every case that could be handled through DWW was to be sent through the pilot office. If an interstate case was sent to a county office, the petition was sent to the tracker so that it could be ascertained why direct withholding was not used.

CHARACTERISTICS OF THE SAMPLE

In the twelve months ending March 31, 1995, Arizona had initiated 210 interstate cases to Colorado, and Texas had initiated 203. Colorado had initiated 197 cases to Arizona and 384 to Texas. These two states represented the first and third ranking states in total volume of interstate child support cases with Colorado. While Arizona had fewer total cases with Colorado, those cases were more evenly split between initiating and responding cases.

The three participating counties in Colorado agreed that Arizona and Texas would be the preferred partners in the project.

FINDINGS

The actual number of cases submitted through the project was very small and did not meet the volume needed to complete a thorough and accurate evaluation. The three participating counties in Colorado generate only 22 percent of the initiating cases in Colorado in a year. When the volume of cases is further reduced to only those cases requiring enforcement, and with Texas committing participation of only two counties, there simply were very few cases available for direct wage withholding treatment and too few to effect a statistically sound evaluation.

ISSUE OF DISBURSEMENT OF PAYMENTS

An issue which surfaced in our effort to launch this intervention was the disbursement of payments. County interstate staff have discussed this issue at length and conclude that there are really two competing “ethics” at work. One is the ethic that the money should follow the obligee in the least circuitous route, and the other is the ethic of full faith and credit for other states’ laws. The first supports a procedure in which the initiating state orders the employer to send payment to the state in which the custodial parent resides. The second supports a procedure in which the initiating state orders payment to be made in the manner directed in the controlling order of the order state.

When Colorado developed its procedures for the use of direct income withholding, it directed its counties to use this enforcement remedy only where a Colorado order exists and the case was uncontested. It was anticipated that the DWW would be withdrawn and an interstate action would be initiated in contested matters and in cases with a foreign order.

In actual practice, however, direct income withholding was used with foreign orders as well as Colorado orders. In foreign order cases, payment was sent to Colorado’s payment registry, not to a payment location in the state where the order originated. This created

problems. The controlling foreign order directs that payment be made to the court in the foreign jurisdiction. If DWW is used, the initiating state directs the employer to send payment to the payment registry of the initiating state. Obligors may get hurt if the payee is shifted from the court in the foreign jurisdiction to the payment registry of the initiating state. If the employer, unaware of the underlying controlling court order, responds to the initiating state, the obligor may, at a later date, find him/herself the object of an enforcement action by the order state because the obligor has not complied with the payment directions in the underlying court order.

OTHER PROBLEMS

Several other problems surfaced during the intervention. One was the lack of training for workers on the advantages of using direct wage withholding. As a result, workers did not use this remedy as often as they might have. Employers also needed more training on direct wage withholding. Some employers thought that all payments had to go through the courts and failed to respond to direct wage withholding petitions. As a result, petitions were returned as unacceptable.

The lack of case volume was also due to the limited number of states and Colorado counties included in the pilot project. Finally, some workers were reluctant to send direct wage withholding petitions to another state because of possible workload impacts. If there was an objection to the petition that could not be resolved verbally, the case would have to be resubmitted as an interstate action. This entailed more work for the technicians.

CONCLUSIONS

While it is true that direct income withholding often works when it is attempted, there are serious underlying problems with the procedure. Employers and workers need to be trained on this approach and its benefits. Minimally, a direct wage withholding form should be developed that includes explicit instructions for workers and employers. Child support administrators also need to tackle the problem of payment disbursement and the possible confusion that may arise when the payee is not consistent with the payment directions contained in the underlying court order.