

# Kentucky Child Support Income Withholding Data

A Case for Change

*The following is an example “Use Case” produced by OCSE to illustrate how OCSE’s Data Analytics project “IWO Percent of Collections” report could be used by a IV-D Director.  
This was presented at the NCCSD Systems Modernization/Data Analytics workgroup-sponsored webinars in August 2020.*

# Income Withholding Introduction

- Income Withholding Orders (IWOs) are a powerful tool for child support professionals.
- IWO payments function much like tax withholding, and help non-custodial parents more easily and consistently meet their obligations by having child support deducted from their paycheck.
- This analysis uses data from federal sources such as the OCSE-34 and OCSE-396 federal reports, and the National Directory of New Hires.
- It looks at data that influences the success of income withholding in comparison states.

# Goals and Agenda

- Goals:
  - Investigate improvements to statewide system to improve income withholding functionality.
  - Investigate employer requirement to send child support payments electronically (EFT). This method is easier on employers and gets money to families faster.
- Review of data from similar states and the national averages:
  - Indiana, New Jersey and Virginia are similar in the number of cases where a child support payment is expected (known as “non-zero order cases”).
  - Indiana and Virginia require EFT by employers.
  - Indiana and New Jersey have a similar organizational structure, with local jurisdictions performing much of the work.
  - Data Comparison: IV-D Income Withholding % of Collections; Federal Current Support Collections Measure; New Hire unverified % and record counts; Federal Case Registry Unverified NCPs; IV-D Expenditures per Case.

## Statistics – Definitions and Relevance

- IV-D Income Withholding % of Collections: What percentage of a state's IV-D collections are from income withholding orders (IWO)? IWOs are by far the best tool for consistent child support payments.
- Federal Current Support Collections: Every month, what percentage of the overall current support ordered is collected and distributed to families? This measure impacts how much federal incentive money is received.
- New Hire unverified % (and counts): What percentage of the new hire records for a state fail a NCP Name/SSN match, representing missed opportunities to send IWOs.
- Federal Case Registry unverified NCPs: What percentage of NCPs fail the Name/SSN match, resulting in missed New Hire, Quarterly Wage, UI, Title II, Title XVI, and SVES records.

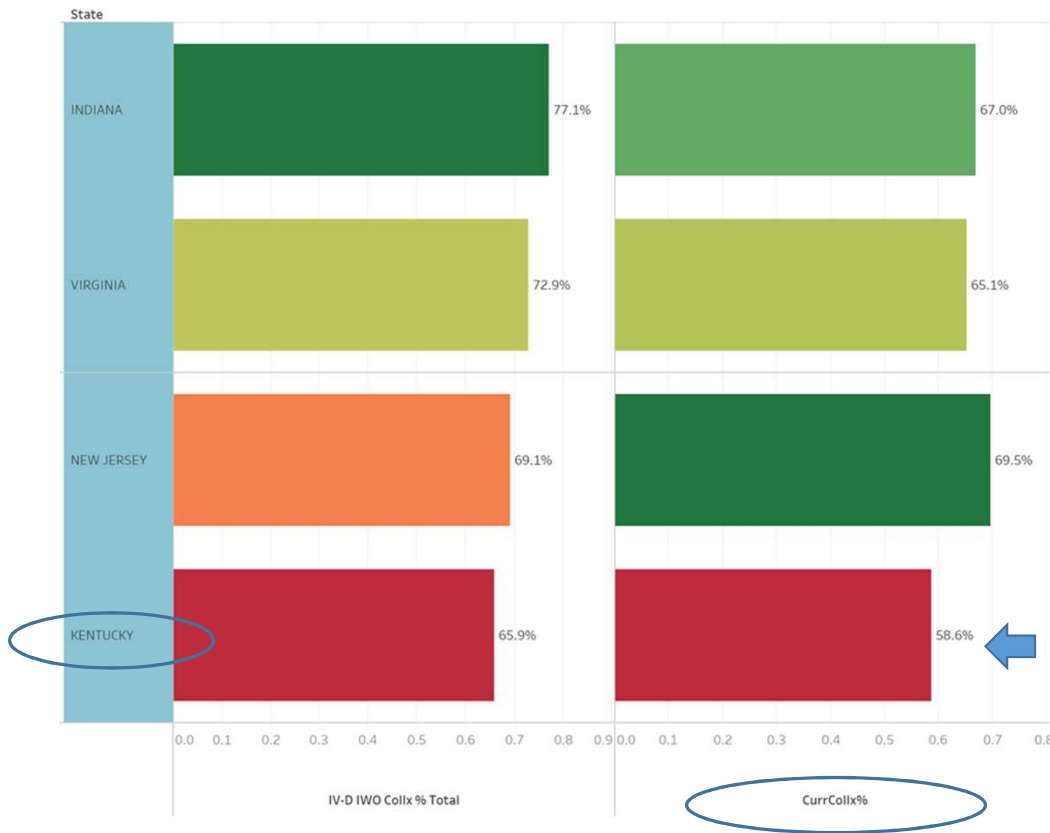
# Comparison to states with similar “non-zero order” caseloads\*: IV-D IWO % of Collections



\*A “non-zero order” case is one where a payment is expected.

National Average is 72%.

# Comparison of Federal Current Support Collections Measure



## Federal Current Support Collections %:

- *National average is 66.09%*
- *FFY2019 National Rankings:*
  - *New Jersey: 69.5%, ranked 12<sup>th</sup>*
  - *Indiana: 67%, ranked 19<sup>th</sup>*
  - *Virginia: 65.1%, ranked 26<sup>th</sup>*
  - *Kentucky: 58.6%, ranked 43<sup>rd</sup>*
- *This measure is one of three that counts at 100% when incentives are calculated.*

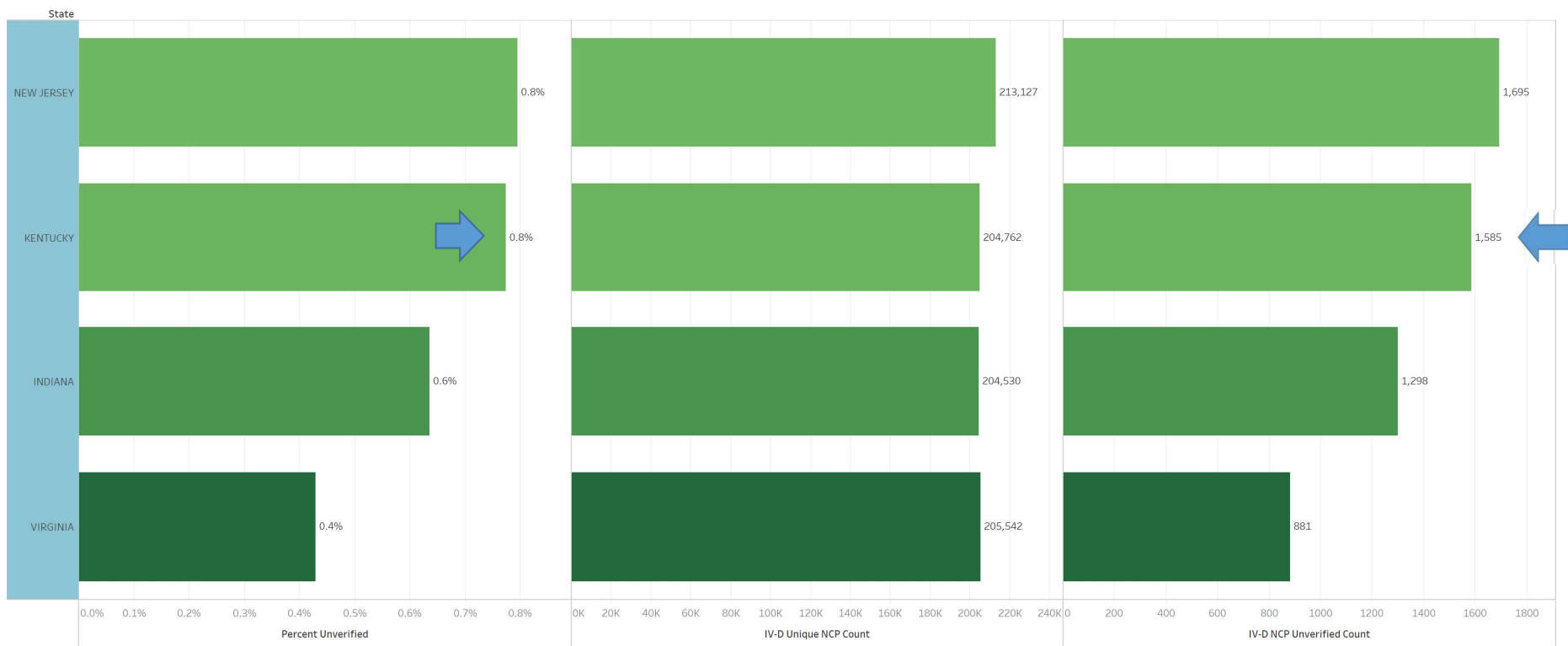
# Unverified New Hires



## Unverified New Hires:

- *National average: 4%*
- *Kentucky's unverified percentage is the lowest of the comparison states, but the record count seems very low*
- *Possible issues with new hire reporting or statewide system processing?*

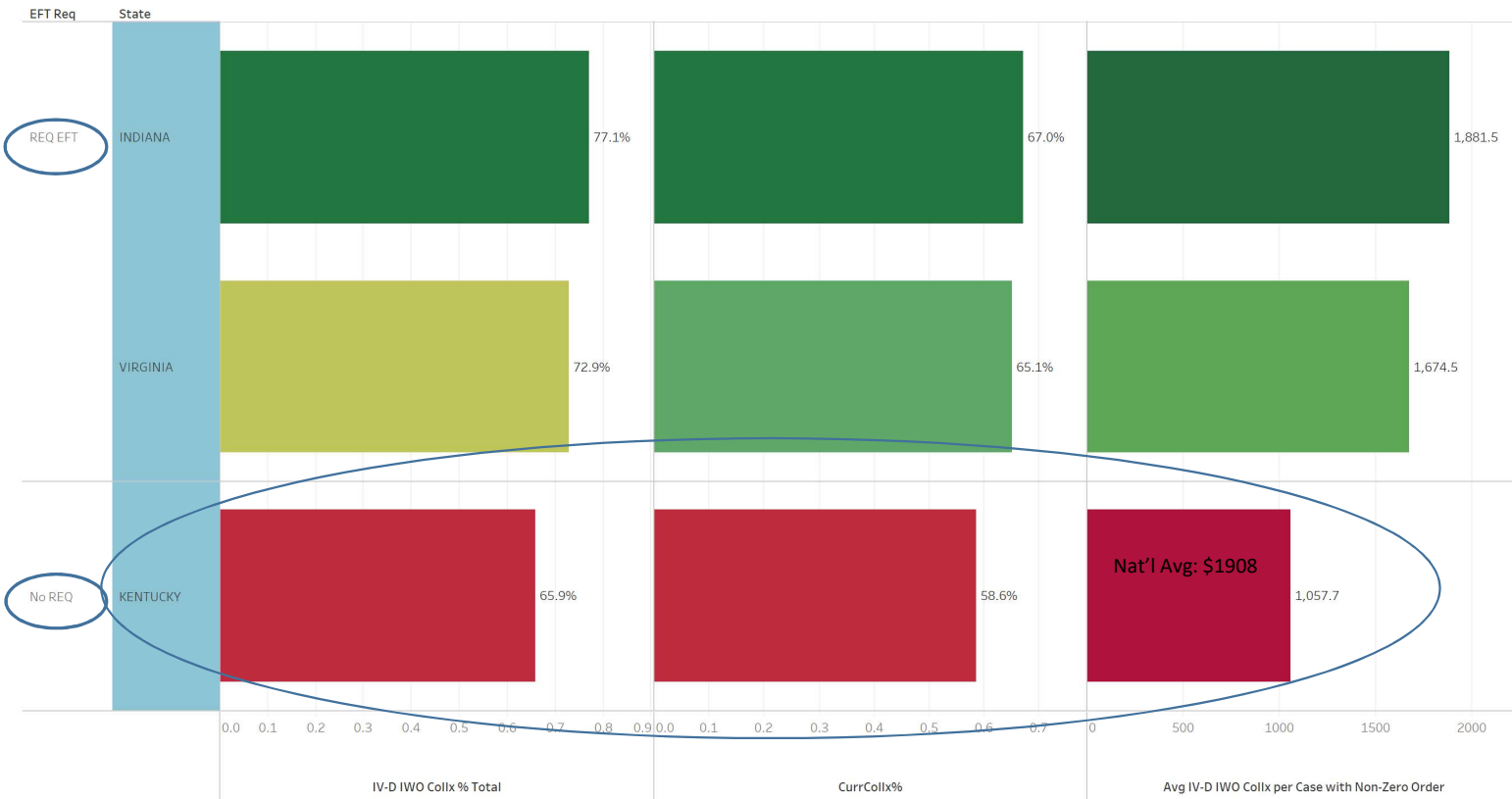
# NCP Federal Case Registry unverified counts: KY ties for the highest percentage, representing 1585 NCPs



*What percentage of NCPs fail the Name/SSN match, resulting in missed New Hire, Quarterly Wage, UI, Title II, Title XVI, and SVES records. National Average: 1%*



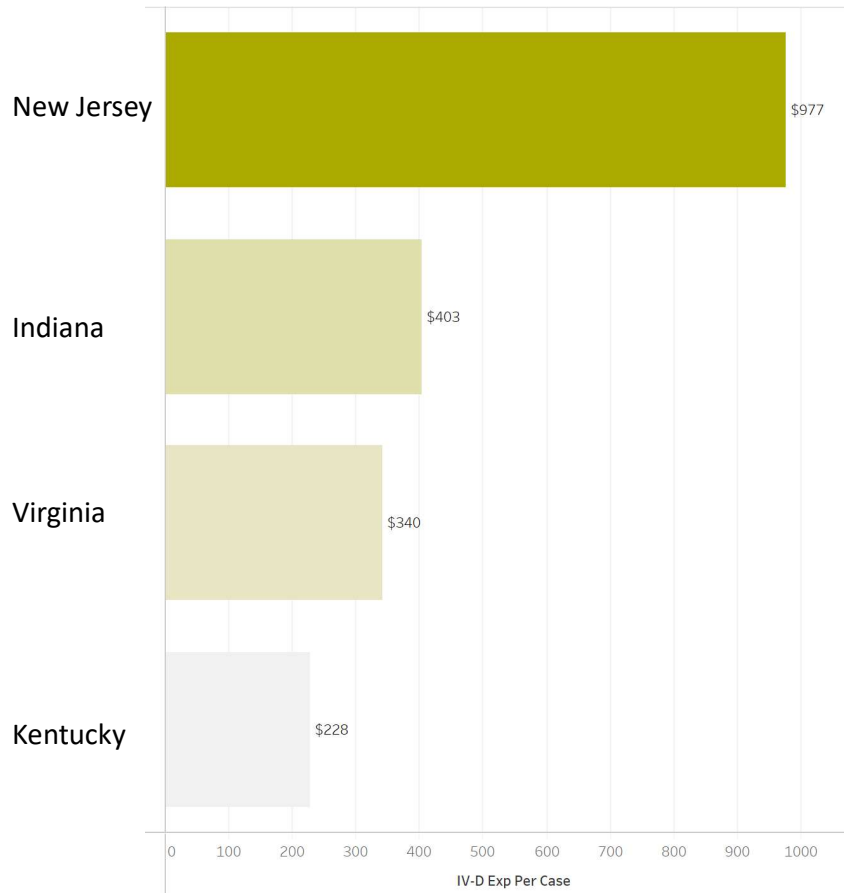
# Focusing on the States with EFT IWO payment processing requirements



Indiana and Virginia require EFT, and Kentucky has the lowest percentages compared to these two states.

The average IV-D IWO collection per case with a non-zero order may be attributable to different factors, but is another data point.

# Comparing Expenditures and Incentives per IV-D Case



Kentucky's expenditures per IV-D case are lower than the comparison states:

New Jersey: \$977

Indiana: \$403

Virginia: \$340

Kentucky: \$228

Kentucky's FFY2018 Incentives Per IV-D case are also lower (no graph available):

New Jersey: \$55.3, ranked 4<sup>th</sup>

Indiana: \$46.5, ranked 13<sup>th</sup>

Virginia: \$43.6, ranked 17<sup>th</sup>

Kentucky: \$26.6, ranked 46<sup>th</sup>

# Summary

- Researching state system and new hire functionality, identifying issues and solving them can improve IWO results.
- This will lead to better outcomes for families and potentially more incentive funds for the state.
- Any expenditures for these activities will be reimbursed at 66% FFP.
- Similar states with EFT payment processing requirements typically have better outcomes, and many employers find this easier to implement than paper checks.