



# Noncustodial Parent Outcomes in Paycheck Plus NYC

The [earned income tax credit \(EITC\)](#) is a benefit for working people with low to moderate income, and it is widely viewed as an effective work incentive and poverty reduction tool for American families. However, the structure of the EITC largely leaves out single adults without dependent children, including many noncustodial parents. What would be the impact of expanding the EITC to provide a larger refundable credit to those individuals?

The Paycheck Plus New York City (NYC) demonstration looked at this question. By offering a tax time “bonus” tied to earnings, this demonstration simulated an expanded EITC for individuals without dependent children in order to study its effects on income and employment. The research team also measured other outcomes such as health status, tax filing, and payment of child support. The [final report](#) was published in September 2018.

OCSE was one of the funders of this demonstration, through a [Section 1115 waiver](#) to the New York State Office of Temporary and Disability Assistance, the agency that administers child support for the state. We are particularly interested in the impact of Paycheck Plus NYC on noncustodial parents that qualified. Of the more than 6,000 adults that enrolled in the study, less than 10% were noncustodial parents with open IV-D cases. Although they were a small subgroup, these noncustodial parents have provided some interesting findings for us to share.

## Research Study Design

The Paycheck Plus NYC study used an experimental design, meaning that as people enrolled in Paycheck Plus NYC, they were randomly assigned to either the control group or the program group. The simulated expanded EITC was only available to the program group, and they had to apply and qualify each year in order to actually receive the bonus funds. The research team could then compare outcomes such as earnings and child support payments between the control and program groups to determine the impact of Paycheck Plus NYC.

As they enrolled in the study between September 2013 and February 2014, members of the program group were given information about how they could qualify for bonus funds based on their earnings. Like actual tax refunds, earnings in 2014 would determine the bonus amount received in early 2015. Under Paycheck Plus

NYC, program group participants had three years of potential bonuses — 2015, 2016, and 2017 — based on their earnings in 2014, 2015, and 2016.

## Increased Child Support Payments

In order to determine if Paycheck Plus NYC had any impact on child support payments, the research team compared 2014-2016 child support administrative data for noncustodial parents in the program group with the data for those in the control group. The table below summarizes their findings for 2014-2016 and indicates whether these results are likely due to Paycheck Plus NYC by noting which outcomes are statistically significant. Results that are not statistically significant

	Outcome	Program group	Control group	Difference is statistically significant?
<b>2014</b>	Ever made a payment	75.6%	76.5%	No
	Avg. monthly amount paid	\$141	\$127	No
	Avg. number of payments	4.7	4.8	No
<b>2015</b>	Ever made a payment	72.6%	65.0%	Yes, at low level
	Avg. monthly amount paid	\$172	\$124	Yes, at high level
	Avg. number of payments	4.9	4.4	No
<b>2016</b>	Ever made a payment	65.2%	58.0%	Yes, at low level
	Avg. monthly amount paid	\$144	\$121	No
	Avg. number of payments	4.5	4.3	No

Total sample size was 513 individuals (258 program group; 255 control group)

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may be due to chance or other factors rather than Paycheck Plus NYC. The research team did not analyze child support data for 2017, so we do not have data from the period when the final bonuses were received.

Because the EITC is a refundable tax credit, most people receive their EITC benefit in their tax refund. As with federal tax refunds, Paycheck Plus NYC bonus funds could be intercepted for past-due support. Using the Federal Tax Refund Offset Program as a model, the research team and local child support agency worked together to identify intercept cases and apply those funds appropriately.

In 2015, about 1 in 5 noncustodial parents had their Paycheck Plus NYC funds intercepted, and in 2016 that fell to 1 in 10. The final report did not provide data on 2017 intercepts. Intercepts were likely responsible for some of the observed increase in payments in 2015 and 2016. However, because of the low rate of intercepts, it's unlikely that intercepts accounted for the majority of the effect.

The table also shows that child support payment rates decreased each year for both groups. The research team indicated that this is due, in part, to some noncustodial parents having their cases closed over the course of the study. The percentage of participating parents that owed monthly support decreased from 98% in 2014 to 88% in 2016.

### Unclear Impacts on Employment and Arrears

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The research team looked at a variety of earnings measures to try to identify any employment impacts, but comparisons between program group noncustodial parents and control group noncustodial parents did not yield many statistically significant impacts. The exception is this low level statistically significant finding: Program group noncustodial parents earned, on average, \$2,290 more in 2016 than control group parents did.

One reason for the lack of statistically significant employment impact may be due to the small number of noncustodial parents in the study. When the research team combined noncustodial parents with men who had been incarcerated, they found a statistically significant 5.8 percentage point increase in the employment rate in 2016 (62.4% of program group was employed, compared to 56.6% of control group). However, even with this larger group, there were no employment impacts in the other years.

Similarly, study findings on child support debt did not tell a clear story about the impact of Paycheck Plus NYC. One challenge was that, even though they were randomly assigned, noncustodial parents in the program group owed less in arrears at the point of enrollment than their counterparts in the control group. The percentage of program group parents that had any amount of child support debt decreased more over the study period than the control group did, but this may have been due to chance.

### Other Interesting Impacts

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When looking at the noncustodial parent findings in this report, there are two additional findings that stand out. First, according to a follow-up survey conducted in the summer of 2016 (32-months after study enrollment), Paycheck Plus NYC reduced reported depression or anxiety among noncustodial parents by 18.9 percentage points, from 47.7% of the control group to 28.8% of the program group. This finding was highly statistically significant and much larger than the 3.1 percentage point reduction found for the full study sample. However, given the minimal impacts found for noncustodial parents in other areas, it's hard to understand what drove this finding.

Perhaps more intuitively, Paycheck Plus NYC led to a statistically significant increase in the rate of noncustodial parents that filed taxes during the study period. Program group participants had to file their taxes in order to apply for their Paycheck Plus NYC funds each year. Fifty-four percent of program group noncustodial parents filed taxes in 2015-2017, compared to 46.3% of control group parents. This increase of 7.9 percentage points was higher than the increase for the full sample, which ranged from 4.6-5.5, depending on the year.

*For more information, refer to the research report: [Boosting the Earned Income Tax Credit for Singles: Final Impact Findings from the Paycheck Plus Demonstration in New York City.](#)*