

# IMPLEMENTING SENSIBLE DEBT REDUCTION STRATEGIES

## Child Support Policy Fact Sheet

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## Introduction

Reducing child support arrears can increase employment and child support payments, reduce time spent on futile collection efforts, increase federal performance incentive payments, and improve family well-being. Almost all states have policies that allow noncustodial fathers to seek a reduction of state-owed debt, either on a case-by-case basis or as part of a debt reduction program. Debt reduction programs work hand-in-hand with prevention and early intervention strategies, including setting realistic support orders, intervening early in cases where fathers are falling behind on payments, and providing needed services through community partnerships.<sup>1</sup>

This fact sheet is part of the **Centering Child Well-Being in Child Support Policy** series produced by Ascend at the Aspen Institute and Good+Foundation to highlight examples of states adopting more pragmatic and family-centered child support policies. The fact sheet offers examples of state and county policies and practices to reduce child support debt.

## What the Research Shows

Noncustodial fathers with low incomes work more, earn more, pay more child support, and pay more consistently when their state-owed child support arrears are reduced.<sup>2</sup> Debt reduction programs can generate payments in cases with a history of nonpayment.<sup>3</sup> They can also increase the willingness of fathers to engage with the child support program.<sup>4</sup>

## What Isn't Working

Uncollected child support arrears have grown to \$112 billion in the child support program over the last 40 years, and most of this is old debt owed by noncustodial fathers with incomes under \$10,000. Most arrears are owed to custodial families, but 18 percent are owed to the government to reimburse cash assistance. By one estimate, 60 percent of child support program arrears are uncollectible.<sup>5</sup> If child support orders are set beyond the ability of noncustodial fathers to pay them, fathers fall behind on payments and debt builds. Large debts can accumulate during periods of unemployment, underemployment, incarceration, or illness. A Wisconsin study found that 90 percent of noncustodial fathers who made no payment and 60 percent making partial payment were incarcerated or lacked year-round employment.<sup>6</sup>

## Why It Matters to Families

Large child support arrears, in and of themselves, create a barrier to low-wage employment. They substantially reduce formal employment, earnings, and ongoing child support payments.<sup>7</sup> Overly aggressive enforcement efforts to collect child support debts, such as jail or suspension of driver's licenses, can set into motion a vicious cycle of unemployment, nonpayment, debt, participation in the underground economy, and incarceration.<sup>8</sup> Indebtedness can increase paternal depression and alcohol use, increase friction between parents, reduce contact between fathers and children, and get in the way of effective parenting.<sup>9</sup> Child support arrears are associated with worse socioemotional outcomes for children and teens, including depression, anxiety, and delinquent behaviors.<sup>10</sup>

## Why It Matters to States

When ability to pay is the issue, repeated enforcement efforts are not cost-effective and, in fact, are often counterproductive. Noncustodial fathers are less likely to make child support payments and more likely to avoid the child support program.<sup>11</sup> Leaving uncollectible state-owed debts on the books drags down state performance, reducing federal performance incentive payments and reinforcing negative public perceptions of the program. By adding to the burden of indebtedness carried by families, child support arrears can widen economic and racial disparities, destabilize communities, and multiply state costs across government services.<sup>12</sup>

## A Better Way to Do Business

Longstanding federal policy encourages states to write off uncollectible state-owed arrears, with no obligation to pay a share of the uncollected debt to the federal government.<sup>13</sup> Arrears owed to custodial families may only be forgiven by custodial mothers, not by states. Reducing state-owed debt can increase employment and child support payments, reduce time spent on futile collection efforts, and increase federal performance incentive payments. Almost all states have policies that allow noncustodial fathers to seek a reduction of state-owed debt, either on a case-by-case basis or as part of a debt reduction program. Partly due to state debt write-off policies, state-owed arrears have declined by more than one-third over the last 10 years.<sup>14</sup>

However, debt reduction strategies vary considerably in their design and effectiveness. Typically, states with the highest current and arrears collection rates, including several of the states featured here, have integrated statewide data management and debt reduction strategies into their child support programs. Debt reduction programs work hand-in-hand with prevention and

early intervention strategies, including setting realistic support orders, intervening early in cases where fathers are falling behind on payments, and providing needed services through community partnerships.

This fact sheet offers a high-level view of some of the most robust and innovative child support debt reduction strategies implemented by states and counties. These debt reduction strategies are organized into six basic models: (1) equitable debt reduction; (2) capping arrears accrual; (3) debt compromise or matching programs; (4) debt leveraging in exchange for consistent payments; (5) debt leveraging in exchange for participation; and (6) reduction of family-owned arrears. These models are discussed in the following sections.

## 1. Equitable Debt Reduction

These programs reduce state-owed arrears based on evidence that a noncustodial parent lacks the ability to pay the full amount due to disability, unemployment, incarceration, low earnings, or when parents reunite. Typically, a noncustodial parent applies for debt relief, which is granted when the parent can demonstrate inability to pay or for other equitable reasons.

### + **CONFERENCE BOARD**<sup>15</sup> WASHINGTON STATE



Washington State may have been the earliest state to adopt a debt reduction program, dating back to at least 1979. A Washington statute authorizes the Department of Social and Health Services to write off state-owed child support debt if there are no cost-effective means of collecting the debt. Division of Child Support attorneys may approve a reduction in state-owed arrears on a case-by-case basis, or the Department of Social and Health Services may convene a conference board, which is a case review and dispute resolution committee chaired by a Division of Child Support attorney. Conference boards have the authority to decide whether to enforce an order, reduce payroll withholding amounts, collect a debt, set a debt repayment rate, reduce state-owed arrears, or grant other relief in an individual child support case. Conference boards may forgive state-owed debts based on: (1) hardship to noncustodial parents or their households, (2) settlement by partial payment, (3) future cost of collections, or (4) an error or legal issue reducing possibility of collection.

Parents may request a conference board orally or in writing. Child support staff also may initiate conference board reviews. Before requesting a conference board, parents must first attempt to resolve their case with the child support field office. Sometimes the conference board meets with the parents in person or by telephone, but often makes decisions on a case-by-case basis after reviewing the financial and other circumstances of the parents. Most parents represent themselves before the conference board but may be represented by an attorney, friend, relative, or other person and bring witnesses. The Division of Child Support also conducts extensive outreach and offers intensive case management to help noncustodial parents overcome barriers to payment and will work with both parents to facilitate an agreement to reduce family-owed arrears.

+ **ARREARS REDUCED**<sup>16</sup>  
MICHIGAN



As part of its Arrears Management Program, the Office of Child Support of the Michigan Department of Health and Human Services has two primary strategies for reducing state-owed arrears, called Arrears REDUCED and the Lump-Sum Payment program. In addition, the circuit court may discharge state-owed arrears following completion of an arrears payment plan (described in section 6).

Noncustodial parents may ask the Friend of the Court, the administrative arm of the Michigan state courts that operates the child support program at the county level, to discharge some or all state-owed arrears if they can show that it would be very difficult to pay the debt or other justification. In determining whether to discharge state-owed debt, the Friend of the Court considers the noncustodial parent's ability to pay, whether the order was based upon actual wages or imputed income, employment status, incarceration history, public assistance receipt, participation in jobs programs, cooperation with the child support program, and whether the noncustodial parent has provided consistent non-monetary support or lives with the child.

In addition, noncustodial parents may qualify for a Lump-Sum Payment matching program, where the Friend of the Court agrees

to forgive some or all state-owed arrears. The Friend of the Court forgives all state-owed arrears if the noncustodial parent pays at least 50 percent of the total family-owed and state-owed arrears. Dollar-for-dollar matching for state-owed arrears forgiveness occurs if the noncustodial parent pays less than 50 percent of the total family-owed and state-owed arrearage. The minimum payment eligible for matching under the Lump-Sum Payment program is \$,000 of state-owed arrears, or the amount of state-owed arrears, whichever is less.

In 2019, there were 4,995 participants in Arrears REDUCED receiving a discharge of \$11,517 on average in state-owed arrears. There were 12 participants in the Lump-Sum Payment program receiving a discharge of \$4,320 on average in state-owed arrears. Michigan's arrears balance has declined by more than 10 percent since 2012, during the same time period that the national arrears balance increased.

+ **ARREARS MANAGEMENT AND PREVENTION PROGRAM (AMPP)<sup>17</sup>**  
MINNESOTA



In 2012 and 2013, the Child Support Division of the Minnesota Department of Human Services formed a workgroup with county representatives to create a statewide arrears management policy. Under the policy, the Child Support Division sends computer-generated lists of cases with high or increasing arrearages to county child support caseworkers for a manual case review and potential intervention. Caseworkers and attorneys also have the discretion to initiate case reviews and reduce state-owed arrears based on the noncustodial parent's inability to pay. Either parent also may initiate a review.

Caseworkers make a case-by-case determination about interventions, including debt reduction. In determining whether to reduce state-owed arrears in a specific case, caseworkers consider such factors as whether the child support order was set at a reasonable amount, a history of incarceration, public assistance receipt, disability or mental health issues, employment and earnings history, multiple cases, whether the noncustodial parent can be reasonably expected to pay off the arrears owed to the family and to the state, and the cost-effectiveness of additional collection

efforts. Family factors, such as reunification and a change in physical custody, are also considered. Individual noncustodial parents may need to meet additional conditions before state-owed arrears are reduced, such as making payments, obtaining a GED or participating in the FATHER project, a parenting and workforce development program operated throughout the state by Goodwill-Easter Seals. Although noncustodial parents are informed that their arrears have been reduced, they do not have to apply for the reduction or take other proactive steps.

A 2012 study of Minnesota's predecessor arrears management program found that in the 24 months following debt reduction, child support payments improved by 7 percentage points. In Minnesota, arrears have declined by more than 10 percent since 2012, while the national arrears balance has increased.

## 2. Capping Debt

New York State enacted a statutory limit on the accumulation of state-owed arrears when noncustodial parents have low incomes.

### + **ARREARS CAP PROGRAM**<sup>18</sup> NEW YORK, NY



The New York City Office of Child Support Services within the Human Resources Administration (HRA) offers a full range of child support debt reduction programs, including the Arrears Cap Program, the Pay It Off program (described in section 3), the Child Support Arrears Credit Program (section 4), a new Parent Success program (section 5), and a Mediation program for reducing family-owed arrears (section 6).

When a noncustodial parent is before a New York court and has income below the federal poverty level (\$12,760 for one adult in 2020), New York statute provides for the issuance of a poverty order of \$25 per month based on application of the statutory factors, unless the court finds that a deviation is appropriate. For \$25 poverty orders, arrears owed by noncustodial parents are capped at \$500. Capping the arrears limits the accrual of uncollectible child support debt when a noncustodial parent is unable to pay the full amount of the support order. A noncustodial parent also may file a

motion to modify the order to \$25 and cap the accrual of arrears thereafter at \$500, effective from the date the motion is filed.

The Office of Child Support Services provides an avenue for low-income noncustodial parents (who are not typically represented by an attorney) to have the arrears that are assigned to the Department of Social Services compromised to \$500, the amount at which their arrears would have been capped had they applied to the court for a poverty order.<sup>19</sup> In New York, noncustodial parents must go to court to reduce their child support orders. Indebted noncustodial parents can file an Application for the Arrears Cap Program with the child support program in person or by mail to cap the arrears, or a portion of arrears, owed to the Department of Social Services if the debt accrued while (1) the children subject to the order were receiving cash assistance and (2) the noncustodial parent's income was at or below the federal poverty level. In addition, a child support order can be modified by the court if a noncustodial parent's income is below the New York State Self-Support Reserve (\$16,862 in 2019).

Since the program began in 2009, the Arrears Cap program has helped nearly 16,330 low-income noncustodial parents lower their arrears assigned to the Department of Social Services, while 410 parents have had their monthly orders reduced by an average of 91 percent. The program has reduced over \$215 million in debt owed to the Department of Social Services. After the Arrears Cap program was implemented, paying cases increased by 12 percentage points, and 63 percent of noncustodial parents were paying child support – compared to 51 percent of noncustodial parents paying before the program.

### 3. Debt Compromise and Matching Programs

In a debt compromise program, the state provides a matching credit or compromises and settles the remaining balance of state-owed arrears when a noncustodial parent makes a partial payment on family-owed or state-owed arrears.



+ **COAP/SAN FRANCISCO PARTNERSHIP PILOT<sup>20</sup>**  
SAN FRANCISCO, CA



A public-private partnership created by the San Francisco County Office of Child Support Services, Office of the Treasurer, and philanthropic partners implemented a pilot project to allow noncustodial parents to completely eliminate their child support debts owed to the state in former assistance cases. The pilot drew on funding from the Walter and Elise Haas Fund to pay a portion of the state-owed arrears to allow noncustodial parents to qualify for California's child support debt reduction program, called the California Compromise of Arrears Program (COAP).

The COAP program is a statewide debt compromise program that reduces child support arrears and interest owed to the state in exchange for partial payment or payment agreement. The amount of payment is based on the individual noncustodial parent's ability to pay. However, COAP will not waive the entire state-owed arrears and does not reduce child support debt owed to custodial parents. To be eligible, noncustodial parents must keep up with their support orders for current support for the duration of the COAP monthly repayment agreement, or for 12 months following an approved lump sum agreement. Lump sum payments are included in about two-thirds of agreements, while repayment schedules are included in about one-third of agreements.

Based on recent statewide data for approved COAP agreements, 88 percent of state-owed debt is compromised, and 12 percent is collected. Previous research by the Center for Policy Research published in 2012 found that on average, the collection rate increased 23 percent two years after COAP enrollment, while the number of obligors making no monthly payments declined by 3.5 percentage points.<sup>21</sup> Of five debt compromise programs studied, COAP had one of the highest write-off rates and lowest dropout rates.

The San Francisco Partnership Pilot allowed noncustodial parents to access debt relief through COAP by helping them meet the COAP payment threshold. In the San Francisco project, 32 noncustodial parents participating in the pilot owed an average of about \$5,000 in state-owed arrears at baseline and received full relief from state-

owed arrears through the combination of the pilot project and COAP. Consistent with other research, the Urban Institute found that participants made more consistent and timely payments, with payment rates 18 to 28 percent higher than a comparison group. In focus groups and through a survey conducted by the Urban Institute, noncustodial parents participating in the pilot reported improvements in their relationships with their children and co-parents. Because noncustodial parents were no longer subject to enforcement actions such as drivers' license suspension and credit bureau reporting, noncustodial parents reported that they were more receptive to the child support agency and were more able to maintain employment, improve their housing status, and improve their credit scores. Noncustodial parents reported less stress, more feelings of control, and optimism over their finances.<sup>22</sup>

+ **PAY IT OFF**  
NEW YORK, NY



Pay It Off is a matching program offered during a limited time period to noncustodial parents to help pay down child support debt owed to the New York City Department of Social Services. During the limited time period, Pay It Off will match any lump sum payment that a noncustodial parent makes of \$500 or more by reducing the assigned arrears owed to the Department of Social Services, up to the total amount of assigned arrears. Since Pay It Off was first offered in 2013, the program design has varied from year to year, including the time of year, the number of days in which to make a payment, the minimum amount to be paid, and payment incentives.

During the most recent Pay It Off in 2018, the Office of Child Support Services offered a \$2 debt reduction for every \$1 of arrears paid, instead of the standard \$1 for \$1 match to noncustodial parents who had been paying their current support obligations consistently for the 6 months prior to the start of the program. Noncustodial parents who also enrolled in the New York City Arrears Credit program (described in section 4) earned an additional reduction to the assigned debt of 10 percent of their payment amount. Over 650 parents reduced their debt by an average of \$3,340 through the 2018 Pay It Off program.

Under child support distribution rules, a noncustodial parent's payment is applied first to current monthly support before arrears. This means that if a custodial family is receiving cash assistance, the family will receive a pass-through of up to \$100 or \$200 (depending on the number of children). If the family is no longer receiving cash assistance, the noncustodial parent's payment will be paid to the family as current support and the remaining amount paid toward the arrears owed to the family before it is applied to the debt assigned to the Department of Social Services. The order of distribution ensures that custodial families benefit from the Pay It Off program. The matching credit is applied toward the assigned debt.

Since 2013, the Office of Child Support Services has received over \$6 million in payments by noncustodial parents, \$1.3 million has been paid on the debt owed to families, and debt owed to the Department of Social Services has been reduced by \$10.8 million through the Pay It Off program. Pay It Off 2020 was offered during the first two weeks in March. In early February, over 35,000 noncustodial parents were notified of the program by mail.

#### 4. Debt Reduction in Exchange for Consistent Payments

These programs are sometimes called "debt leveraging" programs because they set behavioral conditions on providing debt relief, with the goal of changing long-term behavior. Debt leveraging programs offer debt relief in exchange for staying current on monthly payments or participating in activities designed to improve noncustodial parents' capacity to pay or their level of engagement with their children. The programs described in this section require consistent payment of monthly support before state-owed arrears are reduced.

##### + **PAYMENT INCENTIVE PROGRAM<sup>23</sup>** MARYLAND



The Child Support Administration of the Maryland Department of Human Services was one of the earliest states to implement a debt reduction program, piloting a child support debt leveraging initiative in 2000. The pilot's successor program, the Maryland Payment Incentive Program (PIP), is a statewide program implemented through legislation in 2008. PIP aims to increase consistent child support payments and reduce uncollectible state-

owed arrears. Noncustodial parents with incomes below 225 percent of the federal poverty level (\$28,710 for one adult in 2020) are eligible for the program if they have a Maryland court order and permanently-assigned arrears owed to the State of Maryland.

PIP reduces state-owed arrears by half when noncustodial parents pay all of their monthly support for one year, and eliminates the remaining balance owed when the parents stay current on their support orders for 24 consecutive months. Credit is given to noncustodial parents for uninterrupted court-ordered payments made immediately prior to participation in PIP. Noncustodial parents will not be penalized for up to six months of missed payments if they become unemployed through no fault of their own. Maryland may also develop an alternative payment schedule for noncustodial parents who are employed seasonally.

In addition, parents who only owe child support arrears and have no current support obligations are required to pay negotiated monthly payments toward arrears. Maryland uses standardized case selection criteria based on statutory factors that: (1) the noncustodial parent has a current ability to pay the required compromise amount, (2) the reduction will encourage the noncustodial parent's economic stability, and (3) the reduction serves the best interests of the children. PIP also conducts outreach to custodial parents to discuss settlement of the custodial parent's debt and potential modification of the support order.

A 2005 evaluation conducted by the University of Maryland found that pilot program participants worked more, earned more, paid more child support, and paid more often than before the pilot was implemented.<sup>24</sup> A 2012 study by the Center for Policy Research found that the collection rate increased 27 percent two years after PIP enrollment, while the number of participants making no monthly payments declined by 3.6 percentage points following debt reduction through PIP.<sup>25</sup> The study found that on average, Maryland forgave 32 percent of state-owed arrears through PIP. Beginning in 2008, the state's arrears balance began to steadily decline, while arrears balances increased in most states.

+ **CLEAN SLATE**  
ILLINOIS



The Division of Child Support within the Illinois Department of Healthcare and Family Services reduces state-owed arrears in exchange for 6 months of current support payments. Noncustodial parents must complete an application and provide proof that they could not make their payments because they were unemployed, incarcerated, or disabled. They also must prove that they can have the ability to pay their monthly support. They may make payments toward either current support or family-owed arrears. Once a parent has made payments for 6 consecutive months, the entire state-owed debt will be cancelled. Clean Slate is open to noncustodial parents with current support orders or arrears-only cases. A noncustodial parent may request a suspension of the agreement for up to 12 months upon losing a job before the 6-month payment period has ended. Parents also may pursue a modification through an expedited process. The Division of Child Support conducts extensive outreach to make parents aware of the Clean Slate program.

A 2012 study by the Center for Policy Research found that the collection rate increased 14 percent two years after Clean Slate enrollment. Clean Slate also had the highest write-off levels and compliance rate and one of the lowest dropout rates of the five arrears reduction programs studied.

+ **ARREARS CREDIT PROGRAM**  
NEW YORK, NY



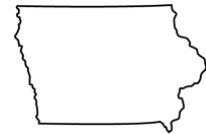
Noncustodial parents may apply to the New York City Office of Child Support Services for a reduction or cancellation of arrears assigned to the New York City Department of Social Services through the Child Support Arrears Credit Program. To remain eligible for a \$5,000 annual credit against accrued assigned arrears on each case, a noncustodial parent must stay current on child support payments for twelve months. A noncustodial parent who no longer has an ongoing child support order must pay the obligation ordered by the family court when the case was active. This amount may be due either to the Department of Social Services or the family. Noncustodial parents are automatically re-enrolled for 3

one-year cycles, which can result in up to \$15,000 of credits against assigned arrears if they continue to pay the monthly order amounts. There is an asset test but no income eligibility requirements to receive credits. This program assisted 1,564 noncustodial parents and reduced assigned debt by \$6.3 million between 2009 and 2019.

## 5. Debt Reduction in Exchange for Participation

These debt reduction programs also use “debt leveraging”— parents agree to participate in employment, education, training, or parenting programs and activities in order to receive a reduction of state-owed arrears. These programs often combine a requirement to participate in a program or activity with a requirement to keep current on support payments.

### + **PROMOTING OPPORTUNITIES FOR PARENTS PROGRAM (POP2)<sup>26</sup>** IOWA

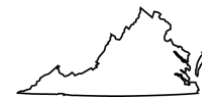


The Child Support Recovery Unit of the Iowa Department of Human Services partners with designated community organizations to support noncustodial parents in overcoming barriers to child support payment. The child support program offers incentives to noncustodial parents to participate in approved parenting, fatherhood, and employment programs. These child support incentives include suspending certain enforcement efforts and reducing state-owed arrears. If noncustodial parents participate in an approved program and keep up with their monthly support payments for 6 consecutive months, the state will cancel up to 50 percent of state-owed arrears, and if they pay for 12 consecutive months, the state will cancel up to 100 percent of the debt.

Fatherhood practitioners sometimes express the concern that because noncustodial parents with very low incomes do not have stable employment or sufficient income to pay the full amount of their support orders, they cannot sustain their payments long enough to satisfy debt relief requirements. Iowa has recently changed POP2 rules to allow for partial credit for partial payment. For example, if a noncustodial parent pays half of the support order amount for 6 consecutive months, 20 percent of state-owed arrears will be cancelled.

In the initial 6 months following implementation of its revised POP2 program, Iowa has seen an increase of almost 15 percentage points in payments of child support owed among participants. A total of 42 participants with 82 child support cases graduated in state fiscal year 2019—39 men and 3 women, ranging in age from 27 to 70 years old. In 2018, the year prior to graduation, participants paid 55 percent of the amount of child support they owed. During the first 6-month incentive period in 2019, participants paid 69 percent of the child support they owed. Iowa's state arrears balance has steadily declined for more than 10 years, even as the arrears balances of other states have increased.

+ **DEBT COMPROMISE PROGRAM**  
VIRGINIA



Following two short-term trials, the Division of Child Support Enforcement within the Virginia Department of Social Services implemented a long-term debt compromise program in 2018 designed to encourage consistent payments over time. All noncustodial parents with state-owed arrears under a Virginia child support order may apply, even if they live in a different state. Noncustodial parents sign a payment agreement that can be renewed each year. The Division of Child Support Enforcement will not pursue judicial enforcement as long as parents comply with the agreement.

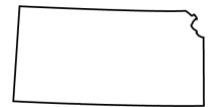
Noncustodial parents have the option to enroll in Family Engagement Services offered by the Division of Child Support Enforcement, to make consecutive monthly support payments, or both to reduce arrears assigned to the state. The program offers noncustodial parents three tiers of participation based on their ability to pay and participation in Family Engagement Services. Parents with incomes below \$40,000 are assigned to tiers one and two, while parents with incomes over \$40,000 are assigned to tier three. Each tier has different participation requirements to receive a debt reduction.

Family Engagement Services partners with public and community partners to identify and overcome barriers to noncustodial parents providing emotional and financial support to their children. An action plan is created for each parent with S.M.A.R.T. goals (an approach that emphasizes specific, measurable, achievable,

relevant, and time-bound goal setting). Each time a noncustodial parent attains a select number of goals, the parent's state-owed arrears are reduced by 5 percent. For example, if a noncustodial parent makes monthly payments for three consecutive months, the state-owed arrears will be reduced by 5 percent. A parent can receive the 5 percent reduction a maximum of four times over a 12-month period.

The Division of Child Support Enforcement also offers debt matching for lump sum payments, adjusting state-owed arrears by \$1 for every \$1 paid by a noncustodial parent. Since the inception of the new multi-tier program in April 2018, over 2,200 noncustodial parents have agreed to participate, paying more than \$10 million in support payments that have resulted in debt reductions of more than \$3 million.

+ **CHILD SUPPORT INCENTIVES TO REDUCE STATE-OWED ARREARS**  
KANSAS



Child Support Services within the Kansas Department for Children and Families offers three types of incentive programs to noncustodial parents to reduce child support arrears owed to the state and influence their behavior: (1) education and certification programs; (2) participation in classes; and (3) Child Support Savings initiative. These incentives aim to leverage behavioral changes in exchange for reduction in state-owed arrears.

Education and certification incentives are designed to encourage noncustodial parents to further their education, obtain occupational credentials, and increase their employability. Participants in education and certification programs can reduce their state-owed arrears between \$750-\$2,000. Eligible education and certification incentives include completion of a high school diploma or GED, technical and vocational training programs, college associate or bachelor's degree, and specified occupational certificates – including culinary, nurse's aide, computer systems and informational technology, manufacturing skills (offered in state correctional facilities), welding, and work readiness. Noncustodial parents can also reduce state-owed arrears through participation in approved classes at a rate of



\$50/hour for the first 15 hours and \$25/hour thereafter. Approved classes include financial counseling, fatherhood and parenting, employment and training, and other community-based and prison-based offerings.

The Child Support Savings Initiative (CSSI) is a creative partnership between Child Support Services and the state's Treasury Department. The state has two goals: first, to help parents save for their children's future higher education and second, to reduce their child support state-owed arrears. CSSI is designed to encourage parents to make qualifying deposits into the state's Learning Quest 529 Education Savings Plans administered by the Treasury Department. Under federal rules, a 529 plan is a tax-advantaged program to help individuals save for college. Savings can be used for education-related expenses at eligible two- and four-year educational institutions.

Through CSSI, the state offers to forgive \$2 in child support state-owed arrears in exchange for every \$1 deposited in a 529 savings plan by a noncustodial parent. To qualify, a noncustodial parent must stay current on monthly support payments and make an initial payment of at least \$1 toward the debt. The noncustodial parent must contribute \$25 to open a 529 savings account for each child. MDRC conducted randomized control trials, applying insights from behavioral economics, to evaluate the project with funding from the W.K. Kellogg Foundation. The evaluation found that the noncustodial parents targeted by the program who owed significant child support had extremely low or no incomes, creating barriers to enrollment and limiting program participation.<sup>27</sup>

**+ PARENT SUCCESS PROGRAM**  
NEW YORK, NY



Through a new arrears reduction program being launched by the New York City Office of Child Support Services, noncustodial parents may reduce up to \$10,000 in child support arrears assigned to the New York City Department of Social Services by completing a state-certified program. Parent Success is designed to help parents address personal barriers and reduce child support debt so they can do more for themselves and their children. During Phase I, parents can eliminate up to \$10,000 in arrears owed to the Department of Social Services by completing a

state-certified substance use treatment program and submitting a certificate to the Office of Child Support Services. Parent Success may be expanded to include other approved classes and courses—such as parenting classes and job training—that support the well-being of parents and strengthen their ability to provide for their children.

## 6. Family-Owed Arrears

80 percent of arrears in the child support program are owed to families, not to states, which means that states cannot compromise them.<sup>28</sup> Under a federal statute called the Bradley amendment, payments due under child support orders are considered state judgments. Like other judgments, child support obligations may not be retroactively modified by a court, which in effect would unilaterally alter a judgment.<sup>29</sup> However, in most states, the party owed child support arrears (whether a state or custodial parent) may agree to compromise or forgive unpaid debts owed to them.<sup>30</sup> While a few states prohibit custodial parents from forgiving family-owed arrears, this policy is being reconsidered. For example, the Tennessee legislature recently enacted legislation to authorize custodial parents to forgive child support arrears owed to the family.<sup>31</sup>

Family-owed arrears continue to grow more rapidly than state-owed arrears, suggesting that more effective strategies are needed to set and maintain accurate child support orders and to work with both parents to resolve uncollectible debts. Some states reach out to both parents to help them facilitate a compromise when family-owed arrears are uncollectible. In Tennessee, the child support agency facilitates family-owed debt compromise agreements between the parents.<sup>32</sup> Research finds that custodial parents are more positive than negative when asked whether they are interested in negotiating family-owed arrears.<sup>33</sup> Both the Illinois Clean Slate and New York City Pay It Off programs direct payments to families while writing off state-owed arrears. The model used in the San Francisco Partnership Program, which leveraged foundation funds to pay off state-owed arrears, also could be applied to family-owed arrears.

### + JUDICIAL PAYMENT PLAN MICHIGAN

Michigan provides a judicial route for custodial parents to consent to a reduction of family-owed



arrears. In Michigan, noncustodial parents may file a motion asking the circuit court for a discharge of arrears following completion of an arrears payment plan. The court offers a noncustodial parent Do-It-Yourself Motion to Manage Child Support Debt and custodial parent Response to Motion Regarding Payment Plan/Discharge of Arrears online. By filing the motion, a noncustodial parent asks the court to approve payment of a set amount toward arrears for a certain number of months, and then to discharge the remaining debt. Unless the custodial parent voluntarily consents to a reduction of family-owed arrears (and there is no indication of domestic violence), the court may only approve a reduction of state-owed arrears. A custodial parent may not waive family-owed arrears while receiving cash assistance through the Family Independence Program. The court may impose additional conditions, such as compliance with the ongoing monthly order or participation in a parenting program, jobs program, drug and alcohol counseling, anger management classes, or a batterer intervention program. In 2019, 11,325 noncustodial parents received a discharge of \$11,517 on average in arrears.

+ **MEDIATION FOR FAMILY-OWED ARREARS**  
NEW YORK, NY



The New York City Office of Child Support Services partners with mediation providers that offer free or low-cost mediation programs across New York City. Mediation services can provide a way forward when noncustodial parents with low incomes owe uncollectible family-owed arrears. Following a referral from the Office of Child Support Services, parents opting into mediation services meet together with a trained, neutral mediator who leads a conversation about the parents' needs and differences to come to a realistic agreement. In mediation, parents—not the mediator—make the decisions regarding whether they want to reduce family-owed arrears, by how much, and under what conditions.

## Appendix

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<sup>1</sup> Both fathers and mothers living apart from their children are legally responsible for paying child support, regardless of gender. Although the focus of this fact sheet is noncustodial fathers, gender-neutral terms are used to accurately describe specific research findings and state and county policies. This fact sheet is authored by Vicki Turetsky, Esq., former federal Office of Child Support Enforcement (OCSE) commissioner.

<sup>2</sup> Jessica Pearson, Nancy Thoennes, and Rasa Kaunelis, *Debt Compromise Programs: Program Design & Child Support Outcomes in Five Locations*, Center for Policy Research, 2012 (California, Illinois, Maryland, Minnesota, Washington, District of Columbia); Carolyn J. Heinrich, Brett C. Burkhardt, and Hilary M. Shager, "Reducing Child Support Debt and Its Consequences: Can Forgiveness Benefit All?" *Journal of Policy Analysis and Management*, 2011.

<sup>3</sup> Pearson, Thoennes, and Kaunelis, 2012; Carolyn Heinrich, et al., *The Families Forward Program Final Evaluation Report*, University of Wisconsin-Madison, Institute for Research on Poverty, 2011; Pamala Ovwigho, Corrine Saunders, and Catherine Born, *Arrears Leveraging Pilot Project: Outcomes Achieved and Lessons Learned*, University of Maryland, 2005.

<sup>4</sup> Douglas Phillips, *Reducing Debt in the Procedural Justice-Informed Alternatives to Contempt (PJAC) Demonstration*, MDRC, 2021; Elaine Sorensen, *What We Learned from Recent Federal Evaluations of Programs Serving Disadvantaged Noncustodial Parents*, Office of Planning, Research and Evaluation (OPRE), Administration for Children and Families, U.S. Department of Health and Human Services, 2020; Maria Cancian, Daniel R. Meyer, and Robert G. Wood, *Final Impact Findings From the Child Support Noncustodial Parent Employment Demonstration (CSPED)*, Institute for Research on Poverty, University of Wisconsin-Madison, 2019; Pearson, Thoennes, and Kaunelis, 2012.

<sup>5</sup> Total arrears in child support program cases certified by the federal office of Child Support Enforcement (OCSE) are reported in OCSE, *Preliminary Report FY 2021*, Administration for Children and Families, U.S. Department of Health and Human Services (table P-89). Elaine Sorensen, *TANF Arrears Continue to Decline*, Office of Child Support Enforcement, Administration for Children and Families, U.S. Department of Health and Human Services, 2019; Elaine Sorensen, Liliana Sousa, and Simon Schaner, *Assessing Child Support Arrears in Nine Large States and the Nation*, Urban Institute, 2007.

<sup>6</sup> Yoonsook Ha, Maria Cancian, Daniel R. Meyer, and Eunhee Han, *Factors Associated with Nonpayment of Child Support*, Institute for Research on Poverty, University of Wisconsin-Madison, 2008.

<sup>7</sup> Daniel P. Miller and Ronald B. Mincy, "Falling Further Behind? Child Support Arrears and Fathers' Labor Force Participation," *Social Service Review*, vol. 86(4), 2012; Maria Cancian, Carolyn Heinrich, and Yiyoon Chung, *Does Debt Discourage Employment and Payment of Child Support? Evidence from a Natural Experiment*, University of Wisconsin-Madison, Institute for Research on Poverty, 2009.

<sup>8</sup> Alan M. Voorhees, *Motor Vehicles Affordability and Fairness Task Force Final Report*, New Jersey Motor Vehicle Commission, 2006; Jessica Pearson, "Building Debt While Doing Time: Child Support and Incarceration," *Judges' Journal*, American Bar Association, vol. 43(1), 2004.

<sup>9</sup> Nathan L. Robbins, et al., "Child Support Debt and the Well-Being of Disadvantaged Fathers of Color," *Journal of Marriage and Family*, vol. 84, 2022; Hyunjoon Um, *The Role of Child Support Debt on the Development of Mental Health Problems among Nonresident Fathers*, Working Papers wp19-05-ff, Center for Research on Child Wellbeing, Princeton University, 2019; Kimberly Turner and Maureen Waller, "Indebted Relationships: Child Support Arrears and Nonresident Fathers' Involvement with Children," *Journal of Marriage and Family*, vol. 79, 2017. See Elizabeth Sweet, et al., "The High Price of Debt: Household Financial Debt and Its Impact on Mental and Physical Health," *Soc. Sci. Med.*, vol. 91, 2013 (household debt).

<sup>10</sup> Lenna Nepomnyaschy, et al., "Parental Debt and Child Well-Being: What Type of Debt Matters for Child Outcomes," *Journal of the Social Sciences*, vol. 7(3)2021 (child support debt). See Lawrence M. Berger and Jason N. Houle, "Parental Debt and Children's Socio-emotional Well-being," *Pediatrics*, vol. 11(1-2), 2016 (unsecured household debt).

<sup>11</sup> Cancian, Heinrich, and Chung, 2013.

<sup>12</sup> Nepomnyaschy, et al., 2021; Vicki Turetsky and Maureen R. Waller, "Piling on Debt: The Intersections Between Child Support Arrears and Legal Financial Obligations," *UCLA Criminal Justice Law Review*, vol. 4, June 2020.

<sup>13</sup> OCSE-IM-22-03, *Family and State Benefits of Debt Compromise* (Aug. 18, 2022); OCSE-AT-00-03, *State IV-D Program Flexibility with Respect to Low Income Obligors* (Sept. 14, 2000); OCSE-PIQ-99-03, *Policy Supporting Two Parent Families/Compromise of Arrears* (March 22, 1999). The federal policy applies to arrears that are permanently assigned to a state, and all programs featured in this fact sheet limit debt write-off policies to permanently-assigned state-owed arrears.

<sup>14</sup> Sorensen, 2019; OCSE, *Preliminary Report, FY 2021* (table 89); OCSE, *Annual Report to Congress FY 2011* (table 84).

<sup>15</sup> R.C.W. § 74.20A.220; W.A.C. § 388-14A-6405 to 6415.

<sup>16</sup> M.C.L. § 205.13(4); Michigan Department of Health and Human Services IV-D Child Support Manual. State-owed debt includes permanently-assigned arrears to repay cash assistance under the Family Independence Program and Foster Care Maintenance Payments.

<sup>17</sup> Minn. Stat. § 518A.62; MN Child Support Manual-AMPP.pdf.

<sup>18</sup> N.Y. Family Court Act § 413(1)(g).

<sup>19</sup> All references to arrears reduction in New York City programs refer to arrears permanently assigned to the New York City Department of Social Services.

<sup>20</sup> Calif. FAM § 17560.

<sup>21</sup> Pearson, Thoennes, and Kaunelis, 2012; Sorensen, Sousa, and Schaner, 2007.

<sup>22</sup> Heather Hahn, Daniel Kuehn, Hannah Hassani, and Kathryn Edin, *Relief from Government-Owed Child Support Debt and Its Effects on Parents and Children*, Urban Institute, 2019.

<sup>23</sup> Ann. Code of Maryland, §10-112.1.

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- <sup>24</sup> Ovwigho, Saunders, and Born, 2005.
- <sup>25</sup> Pearson, Thonnes, and Kaunelis, 2012; Sorensen, Sousa, and Schaner, 2007.
- <sup>26</sup> Iowa Code § 252B.3(5); Iowa Administrative Code § 441-100 (effective on July 1, 2018).
- <sup>27</sup> Peter Baird, Johanna Walter, Patrick Landers, Jonathan Timm, and Beata Luczywek, *An Evaluation of the Kansas Child Support Savings Initiative*, MDRC, 2017.
- <sup>28</sup> Sorensen, 2019.
- <sup>29</sup> 42 U.S.C. § 666(a)(9).
- <sup>30</sup> OCSE-PIQ-00-03, *State IV-D Program Flexibility with Respect to Low Income Obligors*, (Sept. 14, 2000).
- <sup>31</sup> Public Chapter 200, amending T.C.A. § 36-5-101 (f).
- <sup>32</sup> T.C.A. 36-5-101 (f). See "Do Debt Reduction Programs Really Pay?," 2023 NCSEA Policy Forum presentation slides.
- <sup>33</sup> Pearson, Thoennes, and Kaunelis, 2012.