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Quick Facts: Arrears Compromise

This Quick Facts guide provides information about child support arrears and programs that facilitate their reduction.

The Child Support Enforcement Program¹ is a successful federal-state partnership whose mission is to promote economic stability for children whose parents live apart. This Quick Facts guide provides information about arrears compromise and formal arrears management programs.

Child support arrears occur when the obligated parent cannot or will not pay the amount of support ordered. Often these orders are set by default, computed based upon imputed income, or set at a time when the parent had higher income. The order of support continues to accrue, even when the parent is unable to pay, until the parent seeks modification of the order. And, in addition to owing support not paid, many states charge interest against arrears accumulated.

When orders are not paid timely and arrears accumulate, children and families suffer. Likewise, when the burden of money due and owing becomes too great, obligated parents feel overwhelmed and unable to overcome the financial burden they carry. As a result, some leave work, join the underground economy, and even worse, lose touch with their children. Under the most recent OCSE Preliminary Annual Report,²

- Over \$115 billion of child support arrearages are owed by parents, and just over \$7.6 billion was paid in fiscal year 2015, leaving 85% of the debt uncollected.
- During the same period, over \$33 billion in current support was due, and of that amount almost \$22 billion was distributed to families.

Additionally, recent studies in 12 states³ found that the bulk of arrears are owed by low income parents and that the effort expended to try to collect this debt is counterproductive. No one benefits from the continuing unpaid debt. Resources devoted to collecting arrears

¹Created by Title IV-D of the Social Security Act.

²FFY 2015 Preliminary Report to Congress

http://www.acf.hhs.gov/sites/default/files/programs/css/fy2015_preliminary.pdf

The Office of Child Support Preliminary Report highlights financial and statistical program achievements based on quarterly and annual data. Federal fiscal year (FFY) 2015 information was compiled from State and Tribal-submitted reports on program status sent to the federal government.

³Studies done by the Urban Institute at the request of the Office of Child Support Enforcement

owed to the states could be spent on activities that produce more reliable collections such as setting right-sized orders or providing services to assist obligated parents seeking employment. Further studies⁴ suggest that programs that allow for the reduction of state debt in exchange for regular payment of ongoing support provides relief to the obligated parent while increasing the amount of support received by the family. The family and the child support program benefit under debt compromise, particularly when compromise of arrears is conditioned on the consistent payment of support.

The Bradley amendment,⁵ part of the Omnibus Reconciliation Act of 1986, prohibits the retroactive modification of a child support order, i.e., reconsideration of an order amount and arrears accumulation prior to a request for modification. However the federal Office of Child Support Enforcement (OCSE) has left it to states to determine whether to engage in arrears forgiveness or compromise. Currently, 44 states and the District of Columbia have some program or policy for debt compromise of arrears owed to the state. A handful of states also consider debt compromise of money owed to the custodial parent, with that parent's consent.

⁴University of Wisconsin Institute of Research on Poverty (IRP) and the Center for Policy Research
⁵1986, Public law 99-509, [42 U.S.C. § 666\(a\)\(9\)\(c\)](#)