



*Updated February, 2019*

## **Quick Facts: Arrears Compromise**

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

The Child Support Program<sup>1</sup> 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 parent who owes support 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, administrative enforcement actions, which are automated in most states, occur and cause cascading problems for obligated parents, such as negative credit reports and drivers' license suspension. These enforcement actions can have the perverse effect of further hindering parents ability to pay child support. Ultimately, when the burden of child support debt becomes too great, parents who owe support often 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,<sup>2</sup>

- Over \$117(117,356,312,693.) billion in child support arrearages are owed by parents, and just over \$7.6 (7,693,333,984) billion was paid in fiscal year 2017, leaving 85% of child support debt uncollected.
- During the same period, over \$33 (33,714,349,439) billion in current support was due and, of which, just over \$22 (22,057,828,893) billion was distributed to families. The \$11 billion gap between the amount of current support due and the amount distributed further increased the amount of total arrears owed.

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<sup>1</sup>Created by Title IV-D of the Social Security Act.

<sup>2</sup>FFY 2017 Preliminary Report to Congress

[http://www.acf.hhs.gov/sites/default/files/programs/css/fy2017\\_preliminary.pdf](http://www.acf.hhs.gov/sites/default/files/programs/css/fy2017_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) 2017 information was compiled from State and Tribal-submitted reports on program status sent to the federal government.





Additionally, recent studies in 12 states<sup>3</sup> 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 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 parents seeking employment. Further studies<sup>4</sup> 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 from debt compromise, particularly when compromise of arrears is conditioned on the consistent payment of support.

The Bradley amendment,<sup>5</sup> 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 parent, with that parent's consent.

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<sup>3</sup>Studies done by the Urban Institute at the request of the Office of Child Support Enforcement

<sup>4</sup>University of Wisconsin Institute of Research on Poverty (IRP) and the Center for Policy Research

<sup>5</sup>1986, Public law 99-509, [42 U.S.C. § 666\(a\)\(9\)\(c\)](#)

