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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 Program¹ is a successful federal-state-tribal partnership that seeks to promote economic stability for children whose parents live apart. The program collects \$5.51 for every \$1 in public funds invested. In FY 2020, \$33.6 billion was collected in 13.2 million cases for 13.8 million children.² 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. 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 further hinder the 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 to Congress,

- More than \$115 billion in child support arrearages are owed by parents, and \$10.8 billion was collected and distributed as a payment on arrearages in fiscal year 2020, leaving 90% of child support debt uncollected.³
- During the same period, \$32.8 billion in current support was due of which \$21.7 billion was collected and distributed to families.⁴ The more than \$11 billion gap between the

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

² [Office of Child Support Enforcement \(OCSE\) FY 2020 Preliminary Report.](#)

³ Ibid.

⁴ Ibid.





amount of current support due and the amount collected further increased the amount of total arrears owed.

Studies show that the bulk of arrears are owed by low-income parents and the effort expended to try to collect this debt is counterproductive. No one benefits from the continuing unpaid debt, especially children. Child wellbeing is linked to parental debt.⁵ 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 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.⁶ The family and the child support program benefit from debt compromise, particularly when compromise of arrears is conditioned on the consistent payment of support.

Under the Bradley Amendment, part of the Omnibus Reconciliation Act of 1986, the support amount and arrears can't be retroactively modified. The obligated parent is stuck with the debt unless the state has another option. Currently, 45 states and the District of Columbia have some program or policy for debt compromise of arrears owed to the state.⁷ These policies can be categorized into six basic models: equitable debt reduction, capping the accrual of arrears, debt compromise or matching programs, debt leveraging in exchange for consistent payments, debt leveraging in exchange for participation, and reduction of family-owned arrears.⁸

States are revising their arrears compromise programs to make them more accessible. California recently updated its requirements. At the outset of the program, parents had to make a payment of 10 percent of the arrears balance as a condition of eligibility, a barrier to their participation in the program. Now, eligibility depends on the parents' ability to pay.

⁵ Nepomnyaschy, Lena, Dwyer Emory, Allison, Eickmeyer, Kasey J., Waller, Maureen R., and Miller, Daniel P. *Parental Debt and Child Well-being: What Type of Debt Matters for Child Outcomes?*, RSF: The Russell Safe Foundation Journal of Social Sciences, volume 7, 3 (August 01, 2021).

⁶ Heinrich, Carolyn J., Burkhardt, Brett C., and Shager, Hilary M, *Reducing Child Support Debt and its Consequences: Can Forgiveness Benefit All?* (March 2010); and Pearson, Jessica, Thoennes, Nancy, Kaunelis, Rasa, *Debt Compromise Programs: Design & Child Support Outcomes in Five Locations* (September 2012).

⁷ See [State Child Support Agencies with Debt Compromise Policies](#)

⁸ Ascend at the Aspen Institute, *Reducing Arrears Child Support Policy Fact Sheet* (August 2020).

