



*Updated July 2022*

## **Quick Facts: Child Support Program Funding**

**This Quick Facts guide provides information about the child support program funding structure.**

The Child Support Program<sup>1</sup> is a successful federal-state-tribal partnership that seeks to promote economic stability for children whose parents live apart. The program collects \$5.27 for every \$1 in public funds invested. In FY 2021, \$34 billion was collected in 12.7 million cases for 13.2 million children.<sup>2</sup>

### **Child Support Program Funding Background**

The Child Support program was enacted in 1975 as a federal-state program (Title IV-D of the Social Security Act) with the primary purpose to reduce government expenditures for recipients of cash assistance by establishing and enforcing support orders for noncustodial parents of which the collected support would reimburse the state and federal governments for part of that assistance expended.

Five funding streams are associated with the program:

1. State program appropriations;
2. Federal matching funds;
3. Retained collections to reimburse the state for Title IV-A Temporary Assistance for Needy Families (TANF) and for Title IV-E foster care expenditures;
4. Federal incentive payments; and
5. Fees and costs recovered from non-TANF families

Several programmatic trends support revisiting how the child support program is funded. In the 47 years since it was first established, the program has seen a shift away from its original purpose of welfare cost recovery towards a recognition of the important role the program plays in the nation's social safety net. There is an increased awareness that services to promote co-parenting and to connect low-income noncustodial parents to employment can improve outcomes for families.

There is also a significant need to ensure that state child support programs, which are heavily reliant on automated systems, have sufficient resources so that they can continue to provide services reliably, effectively, and efficiently. This is especially important in an environment where customers demand information and services via digital platforms.

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

<sup>2</sup> Office of Child Support Enforcement (OCSE) FY 2021 Preliminary Report.

## Current Child Support Program Funding Streams

In Federal Fiscal Year (FY) 2021, the combined federal and state expenditures for the Title IV-D Child Support Program were \$6 billion.<sup>3</sup> Tribes are authorized to operate child support programs under Title IV-D but have a different funding structure and requirements.

### *State and Federal Funds*

The first two streams include state appropriations for the program and the funds paid by the federal government as a match to the state expenditures. The federal government reimburses each state 66 percent of all allowable expenditures.<sup>4</sup> In FY2021, these two funding streams constituted approximately 85 percent of the total funding; the federal share was \$3.5 billion, and the state share was \$2.4 billion.<sup>5</sup>

### *Retained Collections*

Third, states collect and retain child support to reimburse the state for the cost of TANF paid to families, and the cost of Title IV-E foster care maintenance payments made on behalf of children who receive foster care services.<sup>6,7</sup> In FY2021, the total amount of assigned support collected was \$1.4 billion; the state share of these collections was \$514 million, or equivalent to twenty-two percent of the state share of administrative funding available to state child support programs.<sup>8</sup> Some states provide the state share of recovered TANF funds to the TANF agency to offset TANF expenditures, some states deposit it in the state's general fund, and other states use it as a source of state funding for their child support program. The state uses the state share of foster care recoveries to offset IV-E foster care expenditures.

### *Federal Incentive*

Fourth, the federal government pays incentive payments to states based on their respective performance on five performance measures: paternity establishment, order establishment, current support collections, collections on arrearages, and cost-effectiveness.<sup>9</sup> For FY 2019, estimated incentive payments of \$588 million constitute about eight percent of the total funding available to the program.<sup>10</sup> Federal law requires states to reinvest incentive payments back into the program or related activities.

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<sup>3</sup> *Office of Child Support Enforcement FY 2021 Preliminary Report*, table P-1.

<sup>4</sup> 42 U.S.C. § 655.

<sup>5</sup> *Office of Child Support Enforcement FY 2021 Preliminary Report*.

<sup>6</sup> Child support is assigned to the state as a condition of receiving TANF assistance. See 42 U.S.C. § 608(a)(3). Child support is also assigned to the state in IV-E foster care cases. See 42 U.S.C. § 671(a)(17). These assigned support collections are retained by the state to reimburse the state and federal governments for TANF and foster care maintenance payments. See 42 U.S.C. § 657(a) and (e).

<sup>7</sup> The percentage of retained collections that a state is required to pay to the federal government is equal to the state's federal Medical Assistance Percentage (FMAP.) 42 U.S.C. 657 (c )(3) defines "Federal medical assistance percentage" as 75 percent, in the case of Puerto Rico, the Virgin Islands, Guam and American Samoa; or the Federal medical assistance percentage (as defined in section 1905(b), as such section was in effect on September 30, 1995) in the case of any other state.

<sup>8</sup> *Office of Child Support Enforcement FY 2021 Preliminary Report*.

<sup>9</sup> See 42 U.S.C. § 658a. These measures were mandated commencing in FY 2001 and were intended to promote better service to and outcomes for families.

<sup>10</sup> *Office of Child Support Enforcement FY 2019 Preliminary Report, Appendix - Incentive Formulas and Forms*, table F; FY 2021 numbers were unavailable at the publishing.

### *Fees and Cost Recovery*

The fifth funding stream is fees and costs that states may collect from families who do not receive TANF. The child support agency must charge non-TANF families a fee when they apply for services and a \$35 fee each year that the agency collects at least \$550 in support on the family's behalf. The state may charge these fees to either or both parents, or may pay the fee out of state funds.

Additionally, states are permitted to charge either parent for administrative costs in excess of the fees. Any fees and administrative costs recovered must be subtracted from the state's total expenditures in the program.<sup>11</sup> In FY2020, states collected \$77 million in fees, or one percent of total funding available to the program.<sup>12</sup>

### **Trends Impacting Child Support Program Funding and the Need for Review**

Since the child support program's creation over 47 years ago, understanding of its role in the nation's social safety net has evolved. The reduced role of welfare cost recovery, the desire to increase pass-through of child support to TANF families to increase economic stability and mobility, the funding of services to support parents in their ability to meet child support requirements (i.e., co-parenting and employment services), and the critical need for investments in statewide automated systems have impacted the child support program funding model.<sup>13</sup>

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<sup>11</sup> 45 CFR 304.50.

<sup>12</sup> *Office of Child Support Enforcement FY 2021 Preliminary Report.*

<sup>13</sup> For additional detail about child support program funding, see [NCSEA Resolution-For-Child-Support-Funding 2021](#).