



# NEED FOR LEGISLATION TO MODERNIZE THE CHILD SUPPORT PROGRAM

April 23, 2025





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## Introduction

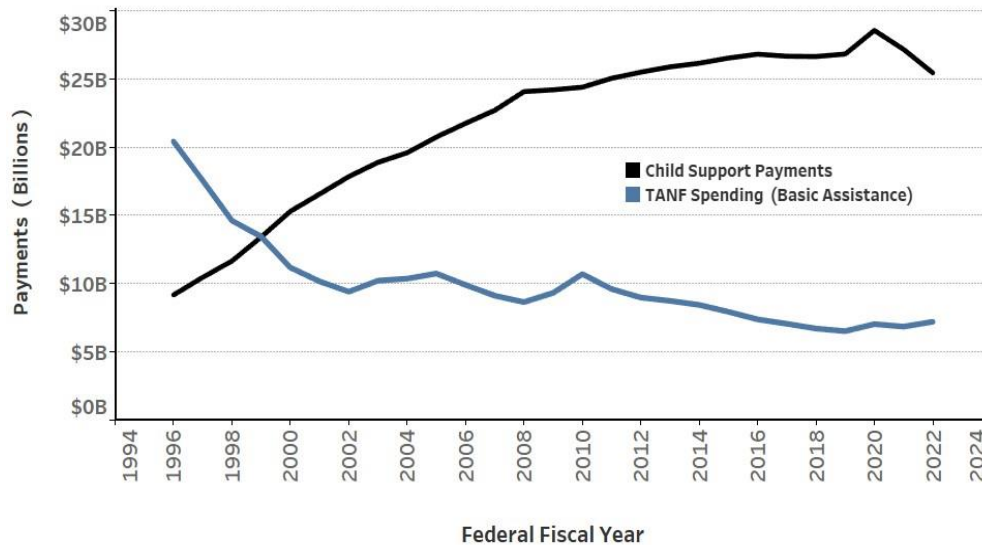
It has been 28 years since Congress enacted welfare reform legislation in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that provided the structure for the modern child support program authorized under Title IV-D of the Social Security Act (also known as the IV-D program). Recognizing the need for a federally defined program that mandated specific paternity establishment standards and enforcement remedies, PRWORA's child support program requirements are highly prescriptive. The detailed set of comprehensive requirements is intended to enable consistent enforcement of child support orders involving multiple states and to ensure all states have the infrastructure needed to operate an effective program.

As the program has evolved over the past 28 years, several major factors create the need for modernization and updating.

***Child support has an outsized role in the safety net for one-parent households.*** As child support has grown in effectiveness and Temporary Assistance for Needy Families (TANF) cash benefits have declined, child support has assumed an outsized role in the safety net. When welfare reform was passed, Aid to Families with Dependent Children (AFDC) cash benefits received by families were more than twice the amount of child support collections received by families. However, benefits under the TANF program, which replaced AFDC, dropped sharply after welfare reform. At the same time, child support collections increased dramatically with the implementation of the powerful tools PRWORA provided. As a result, child support payments received by families *exceeded* TANF benefits received by families as early as 1999, and the gap became steadily larger in the intervening years (*Exhibit 1*).



**Exhibit 1: TANF Family Cash Benefits vs. Child Support Family Distributions  
1996-2022.<sup>1</sup>**



As a result of these trends, in FFY 2022, child support collections distributed to families were more than three and one-half times as great as TANF cash assistance benefits. This means that child support now plays an outsized role in the safety net for one-parent families. While TANF is important for employment, training, and other important services, its role in providing cash support is now far surpassed by the child support program.

It is notable that this cash support to families from child support comes without direct cost to taxpayers — it comes only with indirect costs of child support program administration, which have been essentially flat over the past five years.<sup>2</sup> Child support provides economic and medical support for children by enforcing the bedrock values of parental and personal responsibility. This major role in replacing the safety net with non-assistance economic resources for single-parent families warrants expanded federal investment to continue the trend.

**Shift in role from recovery to family support.** With the dramatic decline in benefits distributed by the TANF program, the child support program’s role in recovery of TANF benefits — while still significant — has also sharply declined. In 1996, 22 percent of Title IV-D child support collections were retained to reimburse payment of AFDC benefits. In 2023, that percentage retained to reimburse payment of TANF

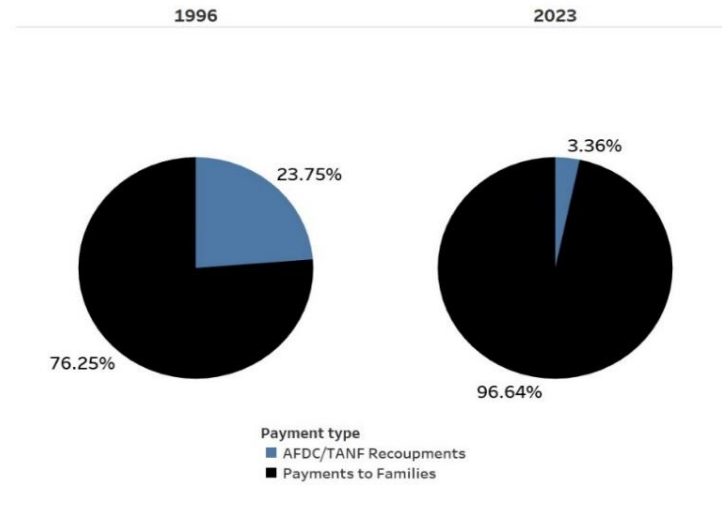
<sup>1</sup> Figures for child support distributions to families do not include child support collections retained by the federal and state governments.

<sup>2</sup> Flat from 2019 through 2022, with a 6.7 percent increase in 2023 — increase far less than inflation over five-year period.



benefits dropped to 3.36 percent, meaning that almost 97 percent of the program’s collections are now paid directly to families (*Exhibit 2*).

**Exhibit 2: Retained Child Support Collections as a Proportion of Total Collections**



Note that, although the child support recovery role has dropped dramatically, the child support program still results in substantial avoided costs for TANF, Supplemental Nutrition Assistance Program (SNAP), Medicaid, and housing assistance programs. Costs are avoided when child support obviates the need for receipt of government benefits or reduces the amounts of benefits provided. The most recent research indicates that these avoided costs are almost as large as the total administrative costs of the program.

***Elimination of retained collections increases family self-sufficiency and puts money in the hands of low-income families.*** Despite the child support program’s greatly expanded safety net role, its remaining role in recovering TANF benefits from former TANF recipients undermines its goal of family support. Recovering TANF benefits from former TANF recipients takes money from a family and its children just at the point when the family is struggling to become self-sufficient and can force them back on TANF. For current TANF recipients, research has indicated that eliminating retained child support collections increases child support payment rates because both parents know that child support is going to the children rather than the government.

***Elimination of recoupments from former TANF cases will improve program efficiency.*** The function of recovering funds from former TANF recipients is extremely complex and needlessly contributes to increased administrative and system development costs. Once states make the investment to eliminate such recoupments, the program will be streamlined, and system development costs will be significantly reduced.



***Modest extensions of the program's role can support both parents' involvement with children's upbringing and assist noncustodial parents in paying their child support.*** Currently 40 percent of children are born to unmarried parents. Along with a continued substantial divorce rate, more than 50 percent of children spend at least part of their lives in one-parent households. By providing that child support orders are accompanied in appropriate cases with parenting time agreements, the program can ensure that both parents have maximum opportunities to provide emotional as well as financial support to their children. By enabling child support agencies to assist noncustodial parents in gaining employment and accessing complementary services, the program will help eliminate the most significant barriers to paying support rather than relying solely on coercive remedies for non-payment.

***Additional enforcement remedies can strengthen the child support program's core mission.*** As the economy has changed, the need for improved enforcement for gig workers and subcontractors has become apparent. Operation of the program has also identified other areas where enforcement can be strengthened.

***Updating performance measures and extending performance-based funding will improve program effectiveness and outcomes.*** A strength of the child support program is its national performance standards, which are used to assess the program's efficacy in all jurisdictions. These performance measures are reinforced with financial incentives that reward states that excel. The measures need to be revamped to account for improved program performance over the past 24 years and to raise the bar for program success. The upgraded standards can then be used as the basis for increased performance-based funding for the program. The program is willing to accept higher performance standards in exchange for the additional funding needed for program modernization and reform.

In summary, to modernize the child support program and improve its efficiency and effectiveness, the National Child Support Engagement Association (NCSEA) proposes the following changes to Title IV-D of the Social Security Act:

- Eliminate recoupment of TANF benefits previously received by former TANF cases
- Eliminate retention of support collections from current TANF recipients
- Provide additional program funding by increasing the incentive pool by 150 percent to prevent severe damage to program operation from loss of retained collections
- Permit limited program funding to be used to support development of parenting time orders and to provide employment and other supportive services for non-custodial parents
- Strengthen enforcement mechanisms
- Strengthen intergovernmental enforcement processes
- Update program performance measures to strengthen incentives for further improvements in program outcomes

We provide more detail for these proposals below.



## I. Increase Self-Sufficiency and Streamline Program Operations by Eliminating Recovery of TANF Benefits

NCSEA recommends increasing the self-sufficiency of current and former TANF recipients and improving program efficiency by ending the recoupment by the government of support collections from former TANF recipients and the government's retention of support from current TANF recipients. This recommendation supports the shift in child support's mission that has evolved due to the sharp decline in TANF cash benefits juxtaposed with the steady increase in child support collections.

### A. Evolution in Program Mission

As noted above, since the enactment of welfare reform in 1996, TANF benefits paid to families have steadily dropped. With the sharp decline in welfare rolls and the steady increase in child support collections following welfare reform, TANF cash assistance recoveries now account for only 3.36 percent of total collections. Retained support in current TANF cases accounts for 1.45 percent of collections and recoupments in former TANF cases accounts for 1.91 percent.<sup>3</sup>

With child support disbursements to families representing more than three and one-half times as much as TANF cash benefits, the child support program's primary role has evolved away from cost recovery and toward direct family support. While the cost recovery role still holds some significance, the dramatic reduction in TANF benefits along with the steady increase in child support collections means that child support plays an outsized role in the safety net for one-parent families. Furthermore, the dwindling of the cost recovery role because of the sharp decline in TANF benefits has meant that there is much less TANF grant expenditures to be recovered. Because of these two trends, the child support program now places more emphasis on helping to support family financial independence rather than recovering collections for the federal and state governments.

### B. Continued Savings from Cost Avoidance

Even though our proposal would greatly reduce the direct cost recovery function of the IV-D program, child support would still generate substantial indirect government savings from cost avoidance. These savings would come from *reduced participation* in TANF, SNAP, Medicaid, Children's Health Insurance Program (CHIP), Supplemental Security Income (SSI), and public/subsidized housing due to receipt of

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<sup>3</sup> Total IV-D collections in FFY2023 were \$26,677,003,008. Retained collections were \$385,872,013 in current assistance cases and \$510,056,407 in former assistance cases. Figures are from Office of Child Support Services, U.S. Department of Health and Human Services, *Preliminary Report FY 2023*, Table P-1. Figures for retained support include recoveries for foster care costs in the Title IV-E child welfare program. .



child support payments. Financial resources from child support makes some parents totally ineligible for these government benefits or leads some parents to decide voluntarily not to apply. Cost avoidance also comes from *reduced benefits* in SNAP, SSI, and housing vouchers because child support is counted as income for those programs.

A study from 2012, the latest research available, estimated that cost avoidance resulting from child support disbursed to families avoided \$5.2 billion in public assistance costs:

- \$2.44 billion from Medicaid and CHIP
- \$1.25 billion from SNAP
- \$.529 billion from SSI
- \$.339 billion from TANF (not to be confused with direct cost recovery from that program<sup>4</sup>)
- \$.335 billion from housing subsidies
- \$.139 billion from other public programs

Since total federal/state child support program expenditures in 2012 were \$5.66 billion, it is apparent that the child support program almost pays for itself based on avoided public assistance costs alone.<sup>5</sup>

### C. Improve Self-Sufficiency of Former and Current TANF Recipients

The current policy of recouping TANF expenditures from child support collections in former TANF cases means that the program is taking away money at the very point that families most need it to become financially stable and to avoid returning to the TANF rolls. This is counter-productive since helping prevent such families from re-entering the TANF program should be a primary objective for public policy.

Eliminating recoupments from former TANF cases would also improve the perceived fairness of the child support program. There is no strong policy rationale for recouping previously paid TANF benefits from child support. TANF benefits are neither recouped from a recipient's subsequent earnings, nor are benefits from programs such as SNAP or Medicaid subject to recoupment from subsequent earnings, or from child support. Both parents are resentful when child support payments intended for the family are diverted to federal and state governments to repay TANF costs. Ending the recoupment of support payments to repay TANF expenditures in former TANF cases would improve the perceived fairness of

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<sup>4</sup> Avoided TANF costs result from child support income that makes families ineligible for TANF or makes families voluntarily forgo receipt of TANF benefits. In contrast, retained collections represent child support payments to families directly withheld by the government and used to recoup TANF benefits for current or former TANF recipients.

<sup>5</sup> Wheaton, L., Craigie, T. & Johnson, M. (2015). National and State 2012 Child Support and Medical Support Cost Avoidance Estimates. Internal Memo. Washington, DC: Urban Institute. See also Office of Child Support Services, *The Child Support Enforcement Program Is a Good Investment*, December 2016.



the IV-D program and encourage more families to remain in the program after they are no longer receiving TANF. This is an important outcome when child support caseloads are declining nationally.

Ending the retention of child support collections and the recoupment of TANF benefits would also improve the self-sufficiency of current TANF recipients. Research in Colorado on ending the retention of child support for current TANF recipients indicates that the number of child support payments to current TANF families increased by 10.2 percent as both parents come to understand that all payments would be paid directly to the families. The amount of child support paid also increased by 39.4 percent.<sup>6</sup> With TANF benefits being temporary by definition, establishing a pattern of child support payments while a family receives TANF increases the likelihood that the family will become self-sufficient after leaving the TANF program. Because parents would know that all child support payments would go to the family, ending the retention of support payments in current TANF cases would encourage more parents who pay support to do so voluntarily.

## D. Streamline Program Administration and Reduce Costs

Eliminating the practice of retaining support in current and former TANF cases would greatly simplify administration of the child support program and reduce administrative costs. It would end the convoluted, overly complex, and costly child support distribution and disbursement process that weighs down the current program. It would substantially reduce costs of automated case management systems development as well as their ongoing system operations costs.

It is likely that recouping TANF benefits from former TANF recipients is only marginally cost-effective at best. Child Support distribution and disbursement requirements are complicated and convoluted. They require considerable management attention, training resources, financial accounting staff, and customer service time to administer. They also require substantial resources for developing and maintaining automated systems to administer the current distribution and disbursement policies. Veritas HHS has estimated that providing for distribution functionality adds 5 to 7 percent of development costs for new IV-D systems.<sup>7</sup> Simplifying distribution by disbursing all collections to the family would streamline the program, lower administrative costs, and lower system development costs, making the entire program more cost-effective once current processes and system capabilities were revised to incorporate the new policies.

## E. Funding Considerations

While there is wide agreement within the child support program on the desirability of ending recoupment of TANF expenditures from former TANF families, doing so without funding changes would

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<sup>6</sup> Tom Zolot, *Pass-Through: Direct Support for Children, Final Presentation*, Research Report to Colorado Department of Human Services, June 2020.

<sup>7</sup> *URA Distribution Impact on IV-D System Development Effort: Impact Analysis Summary*, September 27, 2015, unpublished study by Veritas HHS.



potentially cause significant damage to the child support program. Recoupments from former TANF families constitute only 1.9 percent of total IV-D child support *collections*, but the state share of these collections nonetheless represents 8.9 percent of the state share of total IV-D *administrative costs*.<sup>8</sup> Most states use most or all retained support in former TANF cases to fund part of their IV-D program. As a result, the loss of funding from retained support in former TANF cases would, in the absence of state backfill, reduce the resources available to operate the program by as much as 9 percent.

Similarly, the state share of retained support in current TANF cases represents 6.7 percent of the state share of administrative costs for the IV-D program. Loss of that funding source would also significantly damage operation of the program.

NCSEA's recommendations to end TANF recoupments from former TANF cases and end the retention of child support for current TANF cases are conditioned on additional federal funding to backfill the resulting loss of state funding. This would avoid the potential for major harm to program administration that would result from these policy changes. NCSEA's specific funding proposal with respect to these recommendations is described under the funding recommendations below.

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<sup>8</sup> Office of Child Support Enforcement, *Preliminary Report FY 2023*, Tables P-1, P-45, P-15, and P-12. The state share of administrative costs is \$2,543,456,143. The state share of TANF reimbursements (net of foster care) is \$397,344,255. Approximately 43.1 percent of TANF reimbursements are for retained collections from current TANF recipients. Approximately 56.9 percent are for recoupments from former TANF recipients.



## II. Strengthen Enforcement to Improve Collections for Single-Parent Families

NCSEA has long recognized the importance of reliable and accurate child support to our nation's children and families. Enforcement of orders is critical for providing consistent support to children and families. NCSEA recommends amending federal law and regulations to expand and improve the effectiveness of existing child support collection tools, adding new collection tools, and improving access to information.

Since enactment of PRWORA in 1996, child support has not seen further enhancement or advancement of enforcement mechanisms. Nearly three decades have passed since that critical legislation was enacted and we strongly urge the passing of laws with new and expanded enforcement tools to address changes in the economy and enforcement gaps identified through program experience.

Enforcement tools should be comprehensive, uniformly applied across all states, and automated to achieve the maximum amount of collections for families. To be comprehensive and uniform, federal legislation is needed to mandate certain enforcement actions in every state.

If collections are not achieved after a state implements all of the administrative enforcement tools, it is possible that the parent who owes support simply does not have the resources to pay child support and needs assistance from the child support agency to secure job training, placement, or a referral to other resources. Alternatively, the parent may have been successful in evading the administrative enforcement tools and needs to be compelled to pay through judicial enforcement mechanisms. Judicial enforcement is expensive and sometimes ineffective; therefore NCSEA recommends strengthening other enforcement tools to the extent possible.

### A. Increase Income Withholding Effectiveness with Changes to New Hire Reporting and Income Withholding for Independent Contractors

Income withholding is the leading enforcement tool used for child support collections. In fiscal year 2023, it accounted for 71 percent of child support collections. NCSEA believes strengthening income withholding by changing the current law for independent contractors will enhance this important tool, provide for greater collections, and streamline the process.

#### i. New Hire Reporting and Income Withholding for Independent Contractors

While income withholding for the traditional employee is still the number one collection tool, the U.S. economy is witnessing the expansion of nontraditional employment through independent contractors.



Today, millions of workers earn income as “independent contractors,” either in addition to or in substitution for income earned as “employees.”<sup>9</sup> One study found “[t]he expansion of nontraditional work is the latest change with which child support programs are grappling.”<sup>10</sup> The problem is the new hire reporting requirement in Title IV-D of the Social Security Act does not apply to independent contractors—resulting in unequal child support enforcement procedures that harm families and children. The other problem is a lack of clarity about whether the income withholding limits set by the Consumer Credit Protection Act (CCPA) for employers apply to independent contractors, which may result in disproportionate child support enforcement procedures that harm working parents.<sup>11</sup>

NCSEA recommends requiring the reporting of independent contractors on a similar basis to the current reporting of new employees. NCSEA also recommends the maximum withholding levels that apply to employers for income withholding of employees should be the same for employers or other entities honoring withholding orders for independent contractors.

## B. Additional Enforcement Improvements

Based on the program experience of its nationwide membership, NCSEA recommends several changes to federal law to improve enforcement of child support orders by improving access to information, establishing new collection tools, and expanding and enhancing existing enforcement tools.

### i. Federal Mandates

**Lump-Sum Employer Match.** Create a national process for employer reporting of lump-sum payments to employees who are currently subject to income withholding. Authorize employers to report lump-sum payments to OCSS through a single point of contact in lieu of reporting to each state in which the employer does business. OCSS would share the results of any match with the reporting employer and any state with a child support case involving the employee receiving the lump sum. A lump-sum employer match with a standard national process would make it easier for employers to comply with their reporting responsibilities and would speed identification and distribution of funds available for child support.

**IRS – Fraudulent Tax Refunds.** Prohibit the IRS from holding states liable for fraudulent tax returns and refunds that the IRS later reverses. This would eliminate an inequity under which states now have to

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<sup>9</sup> Some news reports indicate that 40 percent of America’s workforce were freelancers (“contingent workers”) in 2020, more than 60 million people; that number was 30 percent in 2006 when last counted by the federal government. See <https://qz.com/65279/40-of-americas-workforce-will-be-freelancers-by-2020/>.

<sup>10</sup> Asaph Glosser & Justin Germain, Independent Contractors and Nontraditional Workers: Implications for the Child Support Program, MEF Associates, 2 (March 2019), [https://childsupportresearch.org/files/Independent\\_Contractors\\_and\\_Nontraditional\\_Workers\\_Implications\\_for\\_the\\_Child\\_Support\\_Program\\_508.pdf](https://childsupportresearch.org/files/Independent_Contractors_and_Nontraditional_Workers_Implications_for_the_Child_Support_Program_508.pdf)

<sup>11</sup> The IRS refers to entities that issue W-2s to employees or 1099s to independent contractors as “employer” without further reference to the nature of the relationship.



assume liability for fraudulent returns and refunds even though they have done nothing to cause the error.

**Liens – Other State.** Require full faith and credit for lien and levy notices and require OCSS to send lien and levy notices to banks on state request. Banks frequently do not honor such notices when issued by a child support agency in another state. Currently a state child support agency must request the service of the corresponding state child support agency, which then sends the notice to the bank. This will increase the effectiveness of this enforcement tool.

## ii. State Mandates

**Insurance Claims.** Mandate that states enact laws requiring insurance companies to report pending insurance claims, including the claimant's Social Security number. Child support agencies will be able to match pending insurance claims to noncustodial parents and place liens on insurance awards to satisfy child support arrearages.

**Gambling – Report & Intercept.** Mandate states enact laws requiring the reporting and intercept of gambling proceeds in excess of an amount set by OCSS, including on-line and sports betting. After the U.S. Supreme Court struck down the federal ban on sports betting in 2018<sup>12</sup>, more than 30 states<sup>13</sup> have legalized sports betting. From 2018 to 2021, sports betting revenue increased from \$0.43 billion to \$4.33 billion.<sup>14</sup> By allowing these intercepts, states will collect child support through liens on gambling winnings. This new enforcement tool can tap into the on-line sports' betting businesses, as well as other forms of gambling.

**Motor Vehicle Registration.** Mandate states enact laws requiring a Social Security number or other identifier in order to register a motor vehicle. This would support a suspension process that may be even more effective than suspending a driver license.

Our recommendations for changes to the enforcement toolbox are born from practical experience in the operation of the national child support program. NCSEA respectfully requests Congress amend federal law and regulations that expand and improve the effectiveness of existing child support collection tools, add new collection tools, and improve access to information. These amendments would benefit the child support program and the families it serves along with one of the program's most important partners: employers.

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<sup>12</sup> Murphy v. National Collegiate Athletic Association, No. 16-476, 584 U.S. (2018).

<sup>13</sup> AZ, AR, CO, CT, DE, IL, IN, IA, KS, LA, MD, MA, MI, MS, MT, NV, NH, NM, NJ, NY, NC, ND, OH, OR, PA, RI, SD, TN, VA, WA, WV, WI, WY and the District of Columbia. See Legislative Tracker: Sports Betting

<sup>14</sup> Total sports betting revenue in the United States from 2018 to 2021 (Statistica)



### III. Streamline Intergovernmental Case Processing

Intergovernmental child support cases are inherently complex because multiple states are involved. In accordance with federal law, every state has enacted the Uniform Interstate Family Support Act (UIFSA), which provides the legal parameters for establishing, enforcing, and modifying child support orders in these cases. In addition, OCSS has established regulations that mandate and standardize activities so that states have better cooperation when processing these cases. But even with UIFSA and federal regulations, there are additional requirements detailed below that would streamline case processing by ensuring states act and comply uniformly.

State child support agencies are required to pursue child support as vigorously for children who live outside their borders as for those who live within their own jurisdiction. Nevertheless, the current problems addressed in this proposed legislative package tend to incentivize states to focus more on intrastate cases to the detriment of families with parents living in different states.

There were 767,641 cases sent to other states in FY 2023, totaling approximately \$1.5 billion dollars in child support collections.<sup>15</sup> Interstate collections represent 6.2 percent of the total child support caseload and 5.3 percent of total collections. This understates the number of cases involved in intergovernmental child support actions, however, because it does not count cases living in different states that child support agencies enforce directly, without the involvement of the state where the other parent lives.

#### A. Improved Collections

NCSEA recommends the following legislative changes to facilitate interstate enforcement through state unemployment insurance agencies and to streamline employer reporting to the National Directory of New Hires.

##### i. Mandate Compliance with Interstate Income Withholding Orders by State Unemployment Insurance Agencies

To be comprehensive and uniform, federal legislation should mandate that every state enact legislation requiring its state unemployment insurance agency to honor an income withholding order issued by another state. UIFSA mandates that employers comply with income withholding orders issued by any state and to treat that order as if it were issued by a tribunal in the employer's state. In stark contrast, many state unemployment insurance agencies refuse to honor an income withholding order issued by another state.

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<sup>15</sup> Office of Child Support Services, *Preliminary Report FY 2023*, Tables P-34, P-53, P-22, and P-1.



This lack of uniformity creates disparate results for families when the parent paying support becomes unemployed and receives unemployment income that may or may not be subject to withholding for child support based solely on the parent's state of residence. This issue became more evident during the pandemic when unemployment benefits were greatly expanded, but child support agencies had difficulty accessing them if the noncustodial parent lived in a different state. Mandating this requirement would improve collections from unemployment agencies, which is especially important during times of economic downturn.

## ii. Employer Reporting to the National Directory of New Hires (NDNH)

Employers are required to report all new employees to the State Directory of New Hires. Multi-state employers, however, are permitted to select one state in which the employer does business to report all new employees. States have implemented the reporting requirements differently, causing confusion and efforts by employers to research and report to the state that, regardless of the number of employees, has the least onerous requirements. In addition, many employers have expressed a desire to report to one national database rather than self-select a state database.

NCSEA recommends legislation that will enable multi-state employers to report directly to the National Directory of New Hires (NDNH) administered by OCSS in order to expedite the sharing of the new hire information to all other states. This will streamline the process and accelerate the receipt of support to families that rely on it.



## IV. Need for Updated Federal Performance Measures

An impactful component of the Title IV-D child support program is a set of five performance measures that are used to evaluate performance at each level of the program's administration. Embodied in the 1998 Child Support Performance and Incentive Act (CSPIA), these performance measures have been instrumental to the program's dramatic performance improvements since their enactment. They have also led to the award to the child support program of the federal Office of Management and Budget's top effectiveness rating for federal/state programs. These performance measures are:

- *Paternity establishment percentage (PEP)*: the proportion of children born to unmarried parents with paternity established relative to the total number of children born to unmarried parents in the prior year
- *Support order establishment*: the proportion of cases with child support orders
- *Collections on current support*: the proportion of child support owed for a given month that is collected within that month
- *Collections on child support arrearages*: the proportion of cases with arrears that have a collection during a fiscal year
- *Cost-effectiveness*: the ratio of total collections to administrative cost

States receive financial incentives based on their performance on these measures from a dedicated pool of federal funding (\$713 million in FFY 2024). In most states with county-administered programs, these state performance incentives are shared with their local counterparts.

The performance measures have not changed since their enactment in 1998. In many ways, CSPIA can be viewed as a first draft since there was no prior operational experience with these measures and states' performance potential was unknown. The experience of the past 26 years has shown that there are two compelling reasons for review and adjustment of these measures.

First, the measures need to be updated to reflect the program's improved performance since their enactment. For some performance measures, states' performance has outrun the parameters of the original measures. As the most glaring example, for the support order establishment measure there were six states under the *minimum* incentive threshold in FFY 2000 (the first year the performance measures became effective). By FFY 2023, there were only four states under the *maximum* incentive threshold. In addition, it has become apparent from operational experience that the paternity establishment percentage and collections on child support arrearages measures would benefit from restructuring that would improve comparability and provide more appropriate outcomes.



The administrators of the states' child support programs are willing to accept increased performance standards in exchange for increased funding to support other needed changes in the program. These increases in performance standards include adjusting ranges upward and also increasing the levels of performance required to receive given levels of incentives. Such increases will raise the bar for overall program performance and complement the other legislative changes that NCSEA is proposing.

## A. Recommended Changes to Specific Performance Measures

### i. Paternity Establishment Percentage (PEP)

NCSEA proposes several changes to this important measure. The current version has inherent flaws that contribute to inconsistent and nonintuitive results.

First, the current measure is based on the prior year's number of children born to unmarried parents either in the caseload ("IV-D option") or born in that year ("statewide option"). Use of the prior year as the base year distorts the measure and compromises comparability from year to year. When there is a lower number of non-marital children in the base year relative to the performance year under either option, then use of the prior year base year artificially inflates states' performance. When the converse is true, then states' performance is understated.

Second, states can choose to count cases with paternity established during the performance year even if those cases close during the year. Consequently, such cases are added to the numerator but not the denominator. This factor, along with use of the prior year base year, leads to some states (13 in FFY 2023) reporting a PEP of greater than 100 percent. This nonintuitive result further compromises comparability and undermines the credibility of the performance measure.

Third, there is a conflict between the PEP incentive measure and a separate statutory penalty if a state's PEP is less than 90 percent. The penalty for failing to meet the 90 percent threshold is stringent: loss of 1-5 percent of the TANF block grant. In contrast, the top of the incentive range for PEP is 80 percent. This means that a state exceeding 80 percent but achieving less than 90 percent receives the *maximum* amount of performance incentives but is incongruously subject to the penalty.

Fourth, the range of scores fails to match the dramatically increased performance that states have achieved since enactment of the measure.

NCSEA proposes to raise the bar for this metric by increasing the minimum threshold for incentives from the current 50 percent to a new level of 80 percent. (Thus, the current *maximum* would be the new *minimum*). NCSEA further proposes to restructure the PEP measure by: 1) making the current year the base year for the calculation; 2) counting both paternity actions and children born to unmarried parents for cases closed within the year, thus adding intra-year activity into both the numerator and



denominator; and 3) eliminating the penalty for failure to achieve a 90 percent score on the performance measure.<sup>16</sup>

The first two changes will allow comparability across all jurisdictions. They will also eliminate anomalies such as scores that exceed 100 percent that undermine the credibility of the measure. States would be required to use consistent methods for counting children in the numerator or denominator: i.e. count cases open either during or at the end of the fiscal year. NCSEA has run a simulation of scores that states would receive under the recommended changes. These scores ranged from 80 to 97 percent, which verifies that nonintuitive scores exceeding 100 percent would not occur and that states would be in a more credible range.

The third change, eliminating the 90 percent penalty threshold, would improve the fairness of the measure. NCSEA believes that the penalty would no longer be necessary with these changes to the performance measure because the revised incentive structure would provide enough motivation to states to stay above the minimum level. If, in the alternative, the penalty was retained but at the 80 percent minimum level for incentives, the penalty would then at least be logically aligned with the structure for performance incentives.

#### ii. Support Order Establishment

NCSEA is not proposing changes to the structure of this performance measure, which is fundamentally sound. However, it is proposing an update to the range to reflect improved performance of the program. The minimum threshold for incentives would be increased from 50 percent to 75 percent. The level for earning maximum incentives would be increased from 80 percent to 95 percent.

#### iii. Collections on Current Support

NCSEA is not proposing changes to the structure of this performance measure. Similar to the support order measure, NCSEA is proposing an update to the range to reflect improved performance of the program. The minimum threshold would be increased from 40 to 50 percent. The maximum level for earning incentives would remain at 80 percent.

#### iv. Collections on Child Support Arrearages

The current performance measure for arrears collection has been problematic from the beginning. It measures the proportion of cases with arrears that have a collection of any size, even as low as one cent. The limitation of this metric is obvious: it does not measure *the amount of arrears* that is collected.

As a result, NCSEA is proposing a replacement of the arrears measure that will give a more accurate depiction of a state's performance on arrears collection. Under this replacement measure, states would be scored on the amount of current child support and arrears collected during the year relative to the

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<sup>16</sup> If Congress deems it unacceptable to eliminate the penalty, NCSEA recommends that the penalty threshold be lowered to 80 percent, which would be the minimum level for the new PEP measure.



total amount of current support that accrued during the year. If a state collects less in arrears than the amount of current support that is not collected in the month it is due, the state “loses ground” on the total statewide arrears in IV-D cases and its score will be less than one — e.g., 90 percent if collection of current support and arrears is nine-tenths of current support due for the year. Alternatively, if a state collects more in arrears than the amount of current support that is not collected in the month it is due, its score will be greater than 100 percent because the state is “gaining ground” on its backlog of arrears.

A simple example can help explain how the new measure will work. Suppose a state has total current support due of \$100 million in a year. If it collects 70 percent of that amount (\$70 million), then \$30 million goes uncollected and accrues as new arrears for that year. If the state collects \$20 million in arrears (whether from new arrears or from prior years), its collection rate will be 90 percent. If it collects \$40 million in arrears, from new arrears and prior years, its collection rate will be 110 percent.

This new measure will reward states for reducing their backlog of arrears. It will be based on the amount of arrears collected (in combination with current support) rather than the number of cases with a collection of any amount.

The new proposed arrears collection measure will have a minimum threshold of 70 percent and a maximum level of 100 percent. These changes represent increases from the existing arrears measure, which has a threshold of 40 percent and a maximum of 80 percent.

#### v. Cost-Effectiveness

NCSEA is not proposing a change in the structure of the cost-effectiveness measure, which is the ratio of total collections to administrative costs. However, in recognition of improved performance through the years, NCSEA proposes that the minimum threshold be increased from \$2.00 to \$3.00 and that the maximum level be increased from \$5.00 to \$6.00. This will increase the reward to states that operate more efficient child support programs.

### B. Timing Considerations

The proposed changes will require significant system changes that require state time and resources. As a result, NCSEA recommends that states be allowed two years to implement the proposed changes to the performance measures. Once that transition is completed, NCSEA anticipates that the changes to the performance measures will drive further improvements in the child support program’s outcomes.

### C. Future Updates

It has been apparent over the past 25 years that the performance measures would have been even more effective had their ranges been adjusted periodically to reflect improvements in program performance. Such routine adjustments do not typically warrant the attention of Congress. NCSEA recommends that OCSS be given authority to adjust the ranges of the performance measures, but not



their definitions. This will provide further encouragement for continued future increases in performance.



## V. Supportive Services for Parents

As the child support program's mission has evolved, it has become apparent that supportive services for parents would make the program fairer and more effective. Many states have used TANF block grant funds and/or child support incentive funds to provide limited employment and other services to noncustodial parents otherwise unable to pay their child support. Access and visitation programs, as well as fatherhood demonstrations, have helped fathers be more involved in their children's lives, providing vital emotional support and reinforcing their motivation to pay child support. Child support programmatic support for development of parenting time orders has also promoted involvement of both parents in their children's upbringing, thereby improving perceived fairness of child support orders and child well-being.

### A. Employment Services for Noncustodial Parents

The goal of the Title IV-D child support program is that every child can rely on steady financial and emotional support from both of their parents throughout childhood. Parents who regularly pay their child support are consistently connected to the formal labor market. As noted above, 71 percent of the total amount of IV-D child support collected in FFY 2023 was received through income withholding by employers. The child support program is effective in its goal when parents have steady incomes from regular employment; however, it has been less effective for the parents with limited earnings or employment.

Parents with low or no reported earnings owe over 70 percent of the unpaid child support debt nationally, increasing the likelihood that they and their children are living in poverty. These parents face multiple barriers to employment. A record of justice-involvement is the most common, along with limited educational attainment, mental and physical health issues, substance use, unstable housing arrangements, and limited access to transportation — all of which make it difficult to get and keep a job.

Several demonstration projects have shown positive results from providing employment services to noncustodial parents. The Texas Non-Custodial Parents (NCP) Choices Project was a four-site controlled test of the impact of providing workforce services to unemployed and underemployed parents of children who were current or recent recipients of public assistance and who were behind in their child support payments. The services were provided as an alternative to punishment under contempt proceedings in four sites.

As measured by a rigorous experimental evaluation, the results were very positive. Monthly collection rates from NCP Choices participants were almost 60 percent higher than from the control group and the amounts collected averaged \$63 per month higher.<sup>17</sup>

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<sup>17</sup> Daniel Schroeder, et al., *Texas Non-Custodial Parent Choices: Program Impact Analysis*, Ray Marshall Center, LBJ School of Public Affairs, University of Texas, August 2007.



Other positive results come from the National Child Support Noncustodial Parent Employment Demonstration (CSPED) project. In 2012, OCSS awarded Section 1115 grants, federal funds for research and demonstration programs, to test the efficacy of child support-led employment programs. Competitive grants were awarded to California, Colorado, Iowa, Ohio, South Carolina, Tennessee, Texas, and Wisconsin. The goal was to increase reliable child support payments among parents who have an inability to pay their child support.

Over the five-year demonstration, from October 2012 to September 2017, outcomes show that CSPED had positive impacts across a range of employment, income, child support, and child well-being measures, including:

- Employment increased by 3 percent
- Earnings increased by 4 percent
- Participants paid 32 percent of their current support due
- Contact between noncustodial parents and their nonresident children increased by 8 percent
- Participant arrears decreased by 4 percent
- 68 percent of parents who received CSPED services were satisfied with the child support program compared to 47 percent of parents who did not
- Benefits outweighed costs within 10 years<sup>18</sup>

Child support programs are uniquely positioned to connect parents to employment services. They already engage with these parents and can leverage child support policies, such as seek-work orders and driver's license sanctions, so that they create employment incentives rather than barriers.

Many states have moved forward to fund employment and other services for underemployed or unemployed noncustodial parents on a limited basis. Most fund these services using TANF block grant funds or child support incentive payments, under a waiver by OCSS. However, other demands for the use of those funds means these funding streams cannot provide a reliable or sufficient source of funding for employment services for noncustodial parents.

Federal regulations were changed in fall 2024 to authorize use of FFP for employment and related services. For a program change of this magnitude, we support that it be embedded in federal law. NCSEA recommends that such services continue to be an allowable cost for Title IV-D administrative expenditures but with a cap of three percent of a state's IV-D administrative costs. This will provide a more secure funding base and the ability to expand these services to all parents who are willing to pay child support but lack the employment earnings to do so. At the same time, the cap on allowable costs will ensure that the fiscal impact is limited.

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<sup>18</sup> [https://www.acf.hhs.gov/css/resource-library?f%5B0%5D=type%3Agrant&f%5B1%5D=resource\\_library\\_tag%3A848](https://www.acf.hhs.gov/css/resource-library?f%5B0%5D=type%3Agrant&f%5B1%5D=resource_library_tag%3A848)



## B. Improved Linkage Between Healthy Marriage Grants and Child Support Agencies

NCSEA recommends that Healthy Marriage and Responsible Fatherhood (HMRP) grantees be required to partner with the IV-D program to further support initiatives to aid family self-sufficiency. The HMRP programs provide \$150 million per year in discretionary grants, contracts, research and evaluation, and other activities to strengthen families, promote responsible parenting, and improve family economic stability. The Responsible Fatherhood grants are specifically awarded under the funding opportunity for Fatherhood: Family-focused, Interconnected, Resilient, and Essential (Fatherhood FIRE). The programs were originally authorized in 2005 and continue authorization under 42 U.S.C. § 603(a)(2).

Currently, Fatherhood FIRE funds 58 organizations across the country to provide Responsible Fatherhood services to help fathers who are ages 18 years and older and to provide comprehensive job and career activities to advance economic stability and overall improved family well-being, as well as healthy relationship and marriage education services. The grantees can provide a range of activities including responsible parenting, economic stability, promoting or sustaining marriage and divorce education and reduction programs.

While the consistent payment of child support is encouraged under the current fatherhood grant model, the grantees are not required to collaborate directly with the child support program in their areas or to propose a child support partnership as a scoring element in the evaluation and award. In partnership with Title IV-D child support agencies, the HMRP grantees can achieve increased participation, economies of scale, and multiplied impact of the federal funding invested in these programs.

## C. Updating Funding for Access and Visitation Programs

NCSEA recommends increasing the mandatory formula grant funding for Access and Visitation programs, targeting parents in the child support caseload, and authorizing the Title IV-D agency to administer the grant funding and program maintenance, all of which will ensure services can be available and delivered to more children and their parents.

Congress established the Access and Visitation (AV) program through PRWORA in 1996, recognizing the importance that children have the opportunity to spend time with both of their parents, particularly when they do not reside in the same household. Administered by the federal Office of Child Support Services (OCSS), the AV program has an annual appropriation of approximately \$10 million, from which funding is provided to all 50 states, Guam, Puerto Rico, Virgin Islands, and the District of Columbia.

Unlike some other OCSS grant programs, AV grants are mandatory and formula-funded, not competitively awarded. The formula includes U.S. Census data on the number of children living with one biological parent and the total number of children in each state or territory. The program has a minimum grant award of \$100,000, and there has been no increase in the total \$10 million



appropriation since the grant's inception 27 years ago. The Consumer Price Index (CPI) has increased by 88 percent between 1996 and 2022, indicating that an appropriation increase to \$18.8 million would be necessary just to keep pace with inflation.

While authorized and designed to fund services to specifically help noncustodial parents spend more time with their children, the AV grant is not required to be administered by the Title IV-D child support agency, wherein the noncustodial parents needing services can most readily be identified. In about half of states and territories, the child support agency administers the AV program. In the approximate other half, the courts, the IV-E agency, the Governor's office, or another state agency administers it.

OCSS has indicated that putting oversight of the AV program within the child support agency increases the likelihood that AV services reach noncustodial parents. This indicates the benefit of authorizing the Title IV-D agency to solely administer the AV funding and program maintenance. The erosion in the inflation-adjusted level of funding demonstrates the need to increase the level of funding to expand its reach and impact on children who live apart from their parents. This can then, in turn, positively impact the amount of child support those parents pay.

#### D. Improving Access to WIOA Employment Services by Parents Owing Support and Strengthening Child Support Agency Connections with Workforce Agencies

NCSEA recommends two connected but discrete policy changes that would together help address the employment needs of parents owing support: 1) Requiring Workforce Development Boards to recognize unemployed and underemployed noncustodial parents as a priority population for Workforce Innovation Opportunity Act (WIOA) services; and 2) explicitly including child support agencies as permissible members on Workforce Development Boards to further strengthen the relationship between the programs. These WIOA changes would help provide services for these parents to put them in a better position to meet their child support obligations.

Despite research evidence and states' recognition of the value of providing employment services for unemployed parents owing support, workforce development activities are not a permissible IV-D reimbursable cost. Instead, child support agencies have relied upon a variety of partners to provide these services, often through the local Workforce Development Board employment service providers. While access to such services was improved with the enactment of the 2014 Workforce Innovation and Opportunity Act (WIOA), significant opportunities remain to strengthen access for parents owing support.

Child support agencies found that, under WIOA's predecessor, the Workforce Investment Act of 1998 (WIA) [P.L. 105-220, August 7, 1998], individuals with child support obligations who needed job training or education often had difficulty navigating across agency lines to assemble an effective training and employment plan. To address WIA shortcomings, WIOA [P.L. 113-128, July 22, 2014] brought an



increased focus on low-income adults and youth with limited skills, lacking work experience, and facing economic barriers to success. It also sought to improve coordination between and among agencies so that workers and job seekers have more seamless access to a system of high-quality career services, education, and training through a one-stop service delivery system.

Under WIA, many parents owing support were considered hard to employ and consequently denied access to WIA services completely. WIOA provided new explicit permission for the local Workforce Development Boards to provide such workers employment and training activities in coordination with child support services. While the specific permission and recognition of the value of WIOA and child support agency collaboration is helpful, it does not carry the full weight of a mandate of cooperation. In addition, although WIOA added public entities as permissible Workforce Development Board members — including local agencies or entities administering public assistance — child support programs are not specifically mentioned, which makes productive collaboration more challenging.

WIOA improved WIA's mandated prioritization of providing core services to public assistance recipients and other low-income individuals, when funds were limited, by removing the limited funds qualifier and expanding the mandated priority services beyond the WIA core services. However, the lack of a specific priority for parents owing support often results in an otherwise qualified parent not receiving the attention and services needed. As an example, some employment agencies may choose to accept only court-ordered individuals, or those referred from a diversion program, rather than accepting parents who voluntarily seek employment services to either get a job or find a better job.

Making child support noncustodial parents a priority group would improve their employment prospects and their ability to pay child support. This would, in turn, improve self-sufficiency of custodial parents and their children. Requiring workforce boards to include representatives of child support agencies on their boards would strengthen coordination between the agencies and further improve services to noncustodial parents.

## E. Expanding Support for Parenting Time Orders

NCSEA recommends expanding the allowable activities for which federal financial participation (FFP) is available under Title IV-D to include establishment of parenting time orders ancillary to the financial child support obligation, when appropriate, and with a requirement for domestic violence training, screening and assessment. Because the funding needs for this function are modest, and to minimize the fiscal impact, NCSEA recommends that the funding be capped at one percent of a state's IV-D administrative costs.

The Title IV-D child support program plays a critical role in assuring that parents who live apart from their children meet their financial obligations to their children. In almost all states, the standard guidelines for calculating a child support amount include a parenting time adjustment for the number of days or overnights the child spends with each parent. While parenting time is a component of child



support calculations, there is currently no Title IV-D mechanism to establish parenting time arrangements for most families receiving child support services.

Parents who were never married to each other make up the majority of the parents in the child support caseload, yet unlike divorcing parents, unmarried parents do not have access to a readily available or affordable process for establishing parenting time agreements. Rather, they must navigate complex and costly legal proceedings to obtain a formal arrangement to ensure they can spend dedicated time with their child.

Although parenting time is legally separate from child support, research shows a strong correlation between parents' time with their children and consistent child support payments. Parents who are involved with their children are more likely to pay child support, and parents who pay child support are more likely to stay involved in their children's lives. Children are better off when both of their parents are positively involved in their lives and providing for them emotionally and financially. Studies show that involved fathers serve a critical role in their child's development, academic performance, positive self-image, risk-avoidance, pro-social behavior, and lifelong achievement.

In 2012, OCSS awarded Section 1115 grant funding for research and demonstration programs, aiming to demonstrate that increasing safe opportunities for children to build relationships with both parents would result in improved financial and emotional support of children in the child support system. Competitive grants were awarded to Florida, Indiana, Ohio, California, and Oregon through the Parenting Time Opportunities for Children (PTOC) project. The goal was to develop the capacity for child support agencies to incorporate parenting time orders into the financial child support establishment process, provided appropriate family violence safeguards were included.

Over the four-year demonstration, from 2012 to 2016, outcomes show that the PTOC project had positive impacts, as reported by participating parents, including:

- Increases in parenting time for noncustodial parents
- Improved relationships and communication between custodial and noncustodial parents
- Enhanced parent-to-parent and parent-to-child relationships, including between the custodial parent and the child
- No cost to parents and minimal costs to child support agencies for securing parenting time orders
- Modest increases in child support payment compliance
- Parents appreciated the opportunity to address parenting time and had increased trust in the child support program<sup>19</sup>

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<sup>19</sup> <https://www.acf.hhs.gov/css/resource/parenting-time-opportunities-for-children>



A very small number of states administer parenting time agreements through the Title IV-D child support program, using limited funding from Section 1115 Waivers and IV-D incentive funds exemptions, or by historical permission supported by *de minimis* costs. Expanding FFP eligibility to include parenting time arrangements established in conjunction with financial child support obligations has the potential to increase the payment of child support for children who need the financial and emotional support of both parents.



## VI. Future Funding for the Child Support Program

### A. Funding Support for Eliminating Retained Collections to Streamline Performance and Increase Self-Sufficiency

As discussed above, NCSEA recommends ending the recoupment of child support payments as cost recovery of TANF benefits from former TANF recipients and ending the retention of child support from current TANF recipients. This will increase the self-sufficiency of current and former TANF recipients and improve Title IV-D child support program's efficiency and efficacy. To avoid major adverse impacts on the administration of the child support program, NCSEA recommends that Congress increase the incentive pool states can earn on federal performance measures by 150 percent. This change will offset the loss of program funding by the states resulting from ending retained collections.

There is wide agreement within the child support program on the desirability of ending cost recovery of TANF expenditures from current and former TANF families but doing so would potentially cause significant funding hardship to the child support program. Although recouped collections from former TANF families constitute only 1.91 percent of total IV-D child support *collections*, the state share of these collections represents 8.9 percent of the state share of total IV-D *administrative costs*.<sup>20</sup> Similarly, the state share of retained support in current TANF cases represents 6.7 percent of the state share of administrative costs for the IV-D program.

Many states use most or all of retained support to fund part of their IV-D program, and some others reinvest it in their TANF programs, often to satisfy the Maintenance of Effort requirement. As a result, the loss of funding from retained support would, in the absence of backfill, reduce the resources available to states to operate the child support program by more than 15 percent.

To avoid the impact of such a large loss of funds, NCSEA's recommendation to end the assignment and retention of child support collections is conditioned on additional federal funding to backfill the resulting loss of state funding. NCSEA proposes that this funding be provided by increasing the performance incentive pool by 150 percent. Prior to 2005, all incentive funds were eligible for FFP, but this policy was ended by the Deficit Reduction Act of 2005. Increasing the performance incentive pool by 150 percent would avoid the potential for harm to program administration, and the families it serves, that would result from these policy changes.

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<sup>20</sup> Office of Child Support Services, *Preliminary Report FY 2021*, Tables P-1, P-45, P-15, and P-12. The state share of administrative costs is \$2,379,015,145. The state share of TANF reimbursements (net of foster care) is \$478,775,977. Approximately 35.3 percent of TANF reimbursements are for retained collections from current TANF recipients. Approximately 64.6 percent are for recoupments from former TANF recipients.



Increasing the size of the incentive pool would replace state funds that are lost from eliminating recoupments from former TANF cases and eliminating retained collections for current TANF cases. As of FFY 2023, potential lost state funding from eliminating recoupments from former TANF cases would have been \$570.4 million (193.9 million state share of former TANF recouped collections + 66 percent FFP). Lost state funding for eliminating retained collections for current TANF cases would be \$432.3 million (\$147.0 million state share of current TANF retained collections + 66 percent FFP). Total lost state funding would be \$1.003 billion.

Increasing the incentive pool by 150 percent would have resulted in \$1.018 billion in new program funding. Thus, increasing the incentive pool by 150 percent would have replaced 101.5 percent. This is indicative of the impact of legislation that would end retained collections and recoupments while increasing the impact of the incentive pool. In addition to replacing lost state funds due to this policy change, increasing incentive-based funding would also significantly reinforce the performance orientation of the program.

It will be necessary to redetermine state reinvestment of incentive funds prospectively after state replacement of retained collections with additional funding under these suggestions.

## B. Allow Program Funds with Three Percent Cap to be Used to Provide Employment Services for Non-Custodial Parents

NCSEA recommends that the allowable activities for which FFP is available under Title IV-D continue to include employment services for noncustodial parents. Those activities encompass case management, job readiness, placement and retention, employment training, subsidized employment, transportation, and other employment support costs, based on voluntary and court-ordered participation by parents. Eligible costs should also include costs for building the electronic case management system enhancements to support managing the referrals, participation, monitoring, reporting, and outcomes.

NCSEA proposes that the use of program funds for employment services be capped at three percent of a state's IV-D administrative expenditures. Based on existing state experience, this amount is sufficient to support the targeted workforce services but will limit the impact on total federal and state spending.

Some states presently operate a child support-led employment program for parents owing support, through partnerships or limited funding from TANF, Section 1115 Waiver, WIOA, or IV-D incentive funds exemptions. These programs serve a relatively small number of parents who struggle to secure adequate employment and regularly pay their child support, as none of these approaches provides a reliable or sufficient source of funding. Extending FFP eligibility to include employment services for parents ensures the availability of employment services for all who need them, and the children who need the child support payments that would result.

Overseeing employment programs will allow the child support program to ensure that parents receive the services they need to find work, and when they find a job, immediate wage withholding ensures that



child support is collected for custodial families. Under this recommendation, the child support program will establish the service-delivery model, set the participation expectations, monitor results, and manage the program as the fiscal and lead agency. Except in limited cases, however, the child support program will not directly provide employment and other supportive services, instead partnering with community providers for these services.

### C. Allow Program Funds with One Percent Cap to be Used to Develop Parenting Time Agreements

NCSEA recommends expanding the allowable activities for which FFP is available under Title IV-D to include establishment of parenting time orders ancillary to the financial child support obligation, when appropriate, and with a requirement for domestic violence training, screening, and assessment. This would expand authorized use of FFP to develop more personalized parenting time orders and reasonable mediation services. As stated above, support for parenting time agreements would encourage involvement of both parents in their children's lives and would likely lead to improved child support compliance. Our expectation is that this allowable use of funds would have minimal impact on program spending so these allowable costs would be capped at one percent of a state's total IV-D administrative expenditures.

### D. Make Collection of Fees Optional

NCSEA recommends removing the mandatory child support services fee requirement for cases that have never received assistance and giving states flexibility to make decisions about whether and when to charge fees. If a state should choose to charge fees, then any fees collected would continue to be treated by the state as program income and the appropriate federal share of that fee would be remitted to the federal government.

In the Deficit Reduction Act of 2005, the Congress required Title IV-D child support enforcement agencies to impose an annual fee of \$25 for cases involving families who have never received Title IV-A assistance, and for whom at least \$500 has been collected in child support payments. The Bipartisan Budget Act of 2018 increased the mandatory fee to \$35 and the collections threshold for imposing the fee was increased to \$550, effective October 1, 2018.

Over the years, states responded to the requirement in a variety of ways. Some states decided to pay the federal share of the required fee out of state dollars because collecting the fee is marginally cost-effective at best, and because they do not want to discourage parents from participating in the program. Other states have imposed the annual fee requirement on the parents receiving payments by taking the \$35 out of the child support collected once the \$550 threshold has been reached. A few states charge the fee to the parent paying support; however, that approach is the least cost-effective.



There is no evidence that payment of fees by either parent increases their participation or improves the outcome of the case. While the nationwide child support caseload has decreased significantly during the past five years, there has only been a slight decline in the number of never assistance cases. Moreover, the fee is of questionable cost-effectiveness since collection efforts likely cost almost as much as is returned in fees.

Eliminating the mandatory never-assistance fee allows states the flexibility to develop fee policies appropriate to the individual state. States that find it more appropriate to provide services for no fee to either parent could use the portion they currently pay to the federal government to invest and improve the services they provide. States that find positive results from charging the fee to parents could continue to collect the fee and remit the federal share.