

# **SB 703 - MAP - TCA Pass Through - FAV.pdf**

Uploaded by: Abby Snyder, Co-Chair

Position: FAV



## TESTIMONY IN SUPPORT OF SB 703

### Family Investment Program and Supplemental Nutrition Assistance Program Benefits – Child Support

Senate Finance Committee

February 19, 2025

#### Member Agencies:

211 Maryland

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Job Opportunities Task Force

Laurel Advocacy & Referral Services, Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Center on Economic Policy

Maryland Community Action Partnership

Maryland Family Network

Maryland Food Bank

Maryland Hunger Solutions

Paul's Place

St. Vincent de Paul of Baltimore

Welfare Advocates

#### Marylanders Against Poverty

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**Marylanders Against Poverty (MAP) supports SB 703**, which requires the State to pass through all child support collections to Temporary Cash Assistance (TCA) families without making a corresponding decrease to the benefit amount.

**Enacting a full pass-through and disregard policy in Maryland incentivizes noncustodial parents to make child support payments.** When non-custodial parents know that the funds they contribute are distributed to their children, they are more likely to make a payment. These child support payments have a positive impact on child development – such as higher cognitive skills and stronger emotional development- and can reduce incidents of child maltreatment.<sup>1</sup> In addition to increasing their children's well-being, it can also build meaningful parent-child relationships.

**Implementing full child support pass-through and disregard increases economic stability for Maryland families and provides a boost to local businesses.** Families on TCA live in deep poverty: the benefit amount is only statutorily required to meet 61.25% of the Maryland Minimum Living Level when combined with SNAP. Adding additional income to a low-income family's household budget through a full child support pass-through and disregard policy would have a dramatic effect on the family's ability to meet their basic needs. Moreover, these funds will be immediately spent at local businesses, which improves Maryland's economy.

**SB 703 builds upon Maryland's partial pass-through and disregard policy and brings the state in line with other states that have implemented full pass-through policies.** In FY 2023, 31% of families on TCA had an established child support order, and two out of five of those families received a pass-through payment.<sup>2</sup> For the typical family, the additional support raised the household's quarterly income by 11%.<sup>3</sup> While this is an important start, states like Colorado, Michigan, and Illinois, have seen great success with passing through the full child support collected, and Maryland should follow their lead in the effort to increase family stability.

**MAP appreciates your consideration and urges the committee to issue a favorable report on SB 703.**

<sup>1</sup> Cancian, M., Yang, M., & Slack, K. (2013). The effect of additional child support income on the risk of child maltreatment. *Social Service Review*, 87(3), 417-437. <https://doi.org/10.1086/671929>

<sup>2</sup> University of Maryland School of Social Work. March 2024. *Life on Welfare: Temporary Cash Assistance Families & Recipients, 2023*. <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-on-welfare/Life-on-Welfare-2023--updated-12-2024.pdf>

<sup>3</sup> Smith H, Hall LA. (2021). Maryland's child support pass-through policy: Exploring impacts on TCA families. University of Maryland. <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/work-supports-and-initiatives/Pass-Through-Impacts-on-TCA-Families.pdf>

**Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.**

**SB0703\_FAV\_Montgomery County Food Council.pdf**

Uploaded by: Allison Schnitzer

Position: FAV



February 17, 2025

2025 SESSION SUPPORT TESTIMONY  
SB0703: Family Investment Program and  
Supplemental Nutrition Assistance  
Program Benefits - Child Support

BILL: SB0703: Family Investment Program and Supplemental Nutrition  
Assistance Program Benefits - Child Support

COMMITTEE: Finance

POSITION: Testimony in Support of Senate Bill 0703

BILL ANALYSIS: Requiring that all child support received in a month pass through to a family seeking assistance under the Family Investment Program and prohibiting the consideration of child support in computing the amount of assistance received; and prohibiting a local department of social services from considering any child support collected when computing the amount of Supplemental Nutrition Assistance Program benefits to provide.

Dear Chair Beidle and Members of the Senate Finance Committee:

The Montgomery County Food Council (MCFC) urges you to SUPPORT the Family Investment Program and Supplemental Nutrition Assistance Program Benefits - Child Support Bill (the “Bill”), particularly the portion that would remove child support payments from the calculation of SNAP benefits. This Bill is necessary to ensure that support intended for children is not offset by reductions in critical nutrition assistance.

As Maryland continues to recover from the lasting economic impacts of the COVID-19 pandemic, rising food costs due to inflation have placed an even greater strain on families, particularly single-parent households. The USDA reported that in 2023, food insecurity rates were statistically higher than the national average for households led by a single parent. Additionally, the Capital Area Food Bank’s 2024 Hunger Report found that only 37% of food-insecure households have married adults, compared to 58% of food-secure households. Removing child support from SNAP calculations can help ensure these families have sufficient resources for food, rather than forcing them to choose between putting food on the table and meeting other essential expenses.



As a SNAP Outreach Community Based Organization authorized by the State of Maryland's Department of Human Services, MCFC has assisted thousands of Montgomery County residents attempting to navigate the SNAP enrollment process. In the past year, we have seen a consistently high number of individuals and families struggling because of rising food costs due to inflation and the end of COVID-era relief like the SNAP Emergency Allotments. The magnitude of these issues was documented in a recent report examining the Self-Sufficiency Standard in Montgomery County, i.e, the amount of income needed to support the basic needs of a family. This report found that a single parent with one preschool-aged child in Montgomery County needs to earn \$91,674 to cover the basic necessities of food, housing, child care, healthcare, and transportation without any financial assistance.<sup>1</sup>

MCFC regularly supports single working parents who, while ineligible for SNAP themselves, seek benefits for their SNAP-eligible children. Despite their employment, their earnings remain far below the \$91,000 needed to meet household costs in Montgomery County. Many of these families also face a **benefit cliff**, where receiving child support pushes them just over the income eligibility threshold for SNAP, resulting in a sudden and significant loss of assistance. In these cases, the reduction in benefits often outweighs the child support received, leaving families worse off financially. Furthermore, this situation may unintentionally discourage noncustodial parents from making child support payments in order to avoid loss of other benefits.

Excluding child support from SNAP calculations ensures that more funds remain available to meet children's essential needs, including food, housing, and healthcare. Additionally, removing these payments from income calculations simplifies the process for both recipients and administrators, reducing paperwork burdens and minimizing errors in benefit determinations.

Enacting this legislation is a necessary step towards alleviating poverty in Maryland and increasing access to healthy foods. It will support the self-sufficiency of Maryland families and alleviate the burden of community organizations trying to fill the safety net gaps. For these reasons, the Montgomery County Food Council supports Senate Bill 0703 and urges a FAVORABLE REPORT for this bill.

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<sup>1</sup> [The Self-Sufficiency Standard for Montgomery County, Maryland 2023](#), Prepared for the Montgomery County Community Action Agency by the University of Washington, September 2023.

*The Montgomery County Food Council is a nonprofit organization that serves as the primary connection point for businesses, nonprofits, government agencies, and residents around food system issues in our County. We bring together over 2,000 local and regional partners in community-wide education, advocacy, and capacity building initiatives. Our work cultivates a more resilient, sustainable, and equitable local food system by enhancing food access for the over 100,000 at risk for hunger, expanding food education opportunities for all residents, supporting our County's farms and food and beverage businesses, and addressing the impact of local food production, distribution, consumption and recycling on our natural resources*

For more information, please contact Nanya Chiejine, Executive Director, at [nanya@mocofoodcouncil.org](mailto:nanya@mocofoodcouncil.org)

# **SB 703 - Child Support-TCA Pass Through- 2025-FAV.**

Uploaded by: Ameer Vora

Position: FAV

**Senate Bill 703**  
**Family Investment Program and SNAP Benefits - Child Support**  
In the Senate Finance Committee  
Hearing on February 19, 2025  
**Position: FAVORABLE**

*Maryland Legal Aid submits its testimony on SB 703 at the request of Senator McCray*

Maryland Legal Aid (MLA) urges a favorable report on SB 703, which would allow custodial parents and their children to receive 100% of any child support payments made by the non-custodial parent, even if the custodial parent currently receives Temporary Cash Assistance (TCA) or did so in the past. MLA is a private, nonprofit law firm providing free civil legal services to low-income individuals and families throughout Maryland, many of whom rely on TCA benefits to stay afloat during financially challenging times. As an anti-poverty organization, MLA believes that adopting SB 703 will lift more Maryland children out of poverty, improve co-parenting and parent-child relationships, and keep family resources where they belong – in the family.

When custodial parents in any state apply for public cash assistance (known as TCA in Maryland), federal law requires them to relinquish their right to seek child support from the non-custodial parent and assign that right to their state government.<sup>1</sup> The government then initiates child support cases against noncustodial parents, and in most states, the state and federal governments split and keep the money collected from those cases as repayment for public assistance provided to custodial parents. In 2023, Maryland collected over \$19.2 million in child support that did *not* go to children but was instead kept by the government as compensation for the cost of providing TCA to low-income custodial parents.<sup>2</sup>

Through cost recovery policies like Maryland's, the government penalizes poor families by robbing poor children of critical support from non-custodial parents. Further, even after a custodial parent stops receiving TCA, any arrears the non-custodial parent accumulated during the TCA period are still owed to the government. In other words, the government often continues to keep child support payments made by the non-custodial parent long after the child and custodial parent have stopped receiving TCA. Aside from taking money out of away from children and families, cost recovery policies engender animosity and resentment between parents, who, in MLA's experience, are often unaware of or opposed to the requirement for non-custodial parents to pay child support to the government as a condition of the custodial parent's receipt of public cash assistance. These policies feel frustrating, unfair, and confusing to low-income families, who

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<sup>1</sup> 42 U.S.C. § 608(a)(3).

<sup>2</sup> Table P-11, FY 2023 Preliminary Data Report and Tables, Office of Child Support Services, available at [https://acf.gov/sites/default/files/documents/ocse/fy\\_2023\\_preliminary\\_report.pdf](https://acf.gov/sites/default/files/documents/ocse/fy_2023_preliminary_report.pdf).



often do not understand why they are being forced into court for child support cases where the money does not go to the child.<sup>3</sup>

Federal law allows states to “pass through” a portion of the money paid by the non-custodial parents to custodial parents receiving public cash assistance in government-initiated child support cases, and over half of American states have enacted pass through policies.<sup>4</sup> In Maryland, custodial parents receiving TCA receive the first \$100 of any child support payments made by a non-custodial parent in a month, or the first \$200 if they have two or more children, but the rest is kept by the government.<sup>5</sup> However, because of the vast benefits associated with passing through as much money as possible to children, a growing number of researchers in Maryland and across the country have recommended repealing cost recovery policies, and instead passing through to children the *full* amount of child support paid by non-custodial parents.<sup>6</sup> When non-custodial parents know that the child support money they are paying is kept by their children rather than the government, they are more likely to comply with their orders.<sup>7</sup> And, when non-custodial parents pay child support that goes to their children, they are more likely to be consistently involved in their children’s lives.<sup>8</sup>

SB 703 requires Maryland to pass through 100% of the money paid by non-custodial parents in child support cases initiated by the government and to disregard that money in determining the custodial parent’s eligibility for TCA and food stamps, thus ensuring that children living in poverty receive as much financial support as possible. While MLA recognizes that SB

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<sup>3</sup> L.K. Vogel et al., “Let’s Bring It Into the 21st Century’: Perceptions of fairness in child support,” *Children and Youth Services Review*, 163, (2024), available at <https://www.sciencedirect.com/science/article/pii/S0190740924003396>.

<sup>4</sup> National Conference of State Legislatures, “Child Support Pass-Through and Disregard Policies for Public Assistance Recipients,” 2023, available at <https://www.ncsl.org/human-services/child-support-pass-through-and-disregard-policies-for-public-assistance-recipients>.

<sup>5</sup> Md. Hum. Serv. Code § 5-310.

<sup>6</sup> See e.g. Maryland Center for Economic Policy, “More Basic Assistance is Needed to Propel Economic Mobility and Security Among Maryland Families Receiving TANF,” 2023, available at <https://mdeconomy.org/more-basic-assistance-is-needed-to-propel-economic-mobility-and-security-among-maryland-families-receiving-tanf/>; Abell Foundation, “Reforming Child Support to Improve Outcomes for Children and Families,” 2019, available at [https://abell.org/wp-content/uploads/2022/02/Abell20Child20Support20Reform20-20Full20Report20\\_20\\_202020edits20v1\\_3.pdf](https://abell.org/wp-content/uploads/2022/02/Abell20Child20Support20Reform20-20Full20Report20_20_202020edits20v1_3.pdf); Ascend at the Aspen Institute & Good+Foundation, “Ensuring Families Receive Child Support Payments: Child Support Policy Fact Sheet,” 2023, available at <https://ascend.aspeninstitute.org/resources/ensuring-families-receive-all-child-support-payments/>; and Center on Budget and Policy Priorities, “Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive,” 2024, available at <https://www.cbpp.org/sites/default/files/10-8-24tanf.pdf>.

<sup>7</sup> Maria Cancian et al., “Welfare and Child Support: Complements, Not Substitutes.” *Journal of Policy Analysis and Management*, Vol. 27, No. 2, 354-375, 2008, available at [https://users.ssc.wisc.edu/~gwallace/Papers/Cancian.%20Meyer.%20and%20Caspar%20\(2008\).pdf](https://users.ssc.wisc.edu/~gwallace/Papers/Cancian.%20Meyer.%20and%20Caspar%20(2008).pdf).

<sup>8</sup> Maureen R. Waller et al., “Money, Time, or Something Else? Measuring Noncustodial Fathers’ Informal and In-Kind Contributions,” *Journal of Family Issues*, Vol. 39, No. 13, July 4, 2018, available at <https://journals.sagepub.com/doi/10.1177/0192513X18783801>.

703 will have a significant fiscal impact on the state's budget, we maintain that the state's loss of *these* particular funds is entirely appropriate and justified. For too long, Maryland and other states have benefitted from punitive cost recovery policies, rooted in racism, that allow governments to fill their coffers with money taken away from low-income families.<sup>9</sup> It is well past the time to end the harm caused by these immoral policies, and so any budget shortfall resulting from SB 703 must be absorbed.

For the reasons stated above, MLA urges a favorable report on SB 703. If you have any questions, please contact me at: [avora@mdlab.org](mailto:avora@mdlab.org).

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<sup>9</sup> Center for American Progress, "Learning from the United States' Painful History of Child Support," 2022 available at <https://www.americanprogress.org/article/learning-from-the-united-states-painful-history-of-child-support/>.

# **CBPP\_testimony.pdf**

Uploaded by: Diana Azevedo-McCaffrey

Position: FAV

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February 20, 2025

## **Passing through All Child Support to Maryland Families Would Help Them Afford Basic Needs and Thrive**

### **Testimony of Diana Azevedo-McCaffrey, Policy Analyst on Housing and Income Security Team, Before the Maryland General Assembly in Support of SB 703**

Thank you for the invitation to testify today. I am Diana Azevedo-McCaffrey, Policy Analyst on the Housing and Income Security team at the Center on Budget and Policy Priorities, a nonpartisan research and policy institute in Washington, D.C. I lead the Center's work on the intersection of child support policy and the Temporary Assistance for Needy Families program (TANF). Our main area of focus is promoting policy changes throughout the country that direct more child support to families currently receiving TANF and that formerly received TANF. I lead a coalition of state advocates across the country working to improve the child support program for families in poverty, and I provide technical assistance to advocates and other stakeholders on their efforts. Along with Vicki Turetsky, former Commissioner of the Office of Child Support Services (OCSS) during the Obama Administration, I have researched and co-authored several reports on this issue.

A little over half of states and the District of Columbia currently pass through some amount of monthly support payments and/or arrears payments to current and former TANF families. The gold standard is to pass *all* child support through to families, and as of last year, Illinois became the first state to do so. By passing and enacting SB 703, Maryland can join Illinois in ensuring that all child support payments reach the children they're intended for.

In my testimony, I'll outline three key research-backed arguments for why Maryland should pass through 100 percent of child support payments to current and former TANF families.

### **Paying Child Support Collections to Families Increases Family Income and Improves Financial Stability**

First, studies show that pass-through policies increase families' overall income, helping them meet children's basic needs that are often only met with cash — like housing costs, diapers, clothing, and school

supplies.<sup>1</sup> A consistent stream of child support income also can promote financial stability and cushion families from the impact of unexpected expenditures or income losses.<sup>2</sup>

Families impacted by policies that withhold child support to reimburse TANF cash assistance typically have very low incomes, and they are overwhelmingly led by women and disproportionately women of color.<sup>3</sup> These families who turn to TANF during times of need are already struggling to make ends meet and would greatly benefit from receiving their child support payments.

Studies show that child support is a valuable income source, particularly for families in poverty. Among custodial families with incomes below the federal poverty level, child support represents, on average, 41 percent of their income when received. That share is even larger for custodial families living below 50 percent of the federal poverty level, with child support making up 65 percent of their income when received.<sup>4</sup>

TANF benefits alone are not enough for most families to meet their needs. For families receiving TANF, benefits leave a family of three at or below 60 percent of the poverty line in every state. And in Maryland, TANF benefits leave a family of three at only 38 percent of the poverty line.<sup>5</sup> By passing child support payments through to families and excluding those payments when determining families' TANF eligibility and benefits (also known as providing a "disregard"), states can help them better afford necessities and thrive.

## Noncustodial Parents Pay More in Child Support When Their Payments Are Passed Through

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<sup>1</sup> Letitia Logan Passarella and Lauren A. Hall, "Child Support Pass-Through: Early Outcomes in Maryland," School of Social Work, University of Maryland, October 2021, <https://www.ssw.umaryland.edu/media/ssw/fwrtg/child-support-research/cs-initiatives/Child-Support-Pass-Through-Early-Outcomes.pdf>; Kye Lippold, Austin Nichols, and Elaine Sorensen, "Evaluation of the \$150 Child Support Pass-Through and Disregard Policy in the District of Columbia," Urban Institute, March 29, 2013, <https://www.urban.org/research/publication/evaluation-150-child-support-pass-through-and-disregard-policy-district-columbia>; Laura Wheaton and Sorensen, "The Potential Impact of Increasing Child Support Payments to TANF Families," Urban Institute, December 2007, <https://www.urban.org/sites/default/files/publication/33011/411595-The-Potential-Impact-of-Increasing-Child-Support-Payments-to-TANF-Families.PDF>; Maria Cancian, Daniel R. Meyer, and Jennifer Roff, "Testing New Ways to Increase the Economic Well-Being of Single-Parent Families: The Effects of Child Support Policies on Welfare Participants," Institute for Research on Poverty, University of Wisconsin-Madison, October 2007, <https://www.irp.wisc.edu/publications/dps/pdfs/dp133007.pdf>; Wheaton and Sorensen, "Benefits and Costs of Increased Child Support Distribution to Current and Former Welfare Recipients," Urban Institute, October 16, 2005, [https://aspe.hhs.gov/sites/default/files/migrated\\_legacy\\_files/42146/report.pdf](https://aspe.hhs.gov/sites/default/files/migrated_legacy_files/42146/report.pdf).

<sup>2</sup> Yoonsook Ha, Cancian, and Meyer, "The Regularity of Child Support and Its Contribution to the Regularity of Income," *Social Service Review*, Vol. 85, No. 3, September 2011, [https://www.researchgate.net/publication/241138681\\_The\\_Regularity\\_of\\_Child\\_Support\\_and\\_Its\\_Contribution\\_to\\_the\\_Regularity\\_of\\_Income](https://www.researchgate.net/publication/241138681_The_Regularity_of_Child_Support_and_Its_Contribution_to_the_Regularity_of_Income); Lisa A. Gennetian and Katherine Magnuson, "Three Reasons Why Providing Cash to Families is a Sound Policy Investment," CBPP, May 11, 2022, <https://www.cbpp.org/research/family-income-support/three-reasons-why-providing-cash-to-families-with-children-is-a>.

<sup>3</sup> U.S. Office of Family Assistance (OFA), "Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2022," tables 1, 5, 6, 7, 17, 18, and 19, [https://acf.gov/sites/default/files/documents/ofa/fy2022\\_characteristics.pdf](https://acf.gov/sites/default/files/documents/ofa/fy2022_characteristics.pdf).

<sup>4</sup> Sorensen, "The Child Support Program is a Good Investment," U.S. Office of Child Support Services (OCSS), December 2016, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn\\_csp\\_is\\_a\\_good\\_investment.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn_csp_is_a_good_investment.pdf).

<sup>5</sup> Diana Azevedo-McCaffrey and Tonanzhi Aguas, "Continued Increases in TANF Benefit Levels Are Critical to Helping Families Meet Their Needs and Thrive," CBPP, updated May 29, 2024, <https://www.cbpp.org/research/income-security/continued-increases-in-tanf-benefit-levels-are-critical-to-helping>.

Second, research shows that noncustodial parents are more likely to both pay child support and make higher payments when their payments are passed through to their children. Noncustodial parents also establish parentage, the legal prerequisite to a child support order, more readily when they know that the support they pay will benefit their children.<sup>6</sup> And they are more willing to pay through the formal child support program, which ensures that their payments are credited against their support obligation and can improve payment regularity for families.<sup>7</sup>

A study from the University of Wisconsin compared families in an experimental group that received a pass-through and disregard of *all* current monthly child support payments with families in a control group that received a partial pass-through and disregard of current support (the greater of \$50 or 41 percent). The study found that by the third year of the experiment, noncustodial parents with a support order in the experimental group were 10 percent more likely to pay any child support than those in the control group. In addition, noncustodial parents with a support order in the experimental group paid 24 percent more in child support.<sup>8</sup>

Similarly, an Urban Institute study found that noncustodial parents in Washington, D.C. with a support order were 3 percentage points more likely to pay any child support, and paid 11 percent more support in TANF cases by the third year, under a \$150 pass-through and disregard policy than under the previous \$50 pass-through policy.<sup>9</sup> And Colorado, in the first year after implementing its policy to pass through and disregard all current monthly support, found that total current collections for TANF families rose 76 percent based on an analysis of its administrative data.<sup>10</sup>

## Directing Child Support to Families Reduces Risk of Child Protective Services Involvement

Third, passing through child support payments to families can reduce the risk of child protective services involvement. To study whether increased child support income passed through to families reduced reports of child maltreatment or neglect to the child welfare system, researchers in Wisconsin used administrative data collected for families that had participated in a pass-through demonstration. Families randomly assigned to the experimental group, received a full pass-through of current support, while families in the control group received a partial pass-through. The study produced consistent evidence that increasing the child support income that passes through to families can reduce reports of maltreatment or neglect, estimating that mothers who received a full pass-through were about 10 percent less likely to receive a “screened-in report” (a report

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<sup>6</sup> Cancian, Meyer, and Roff, *op. cit.*; Meyer and Cancian, “W-2 Child Support Demonstration Evaluation, Phase 1: Final Report, Volume I: Effects of the Experiment,” Institute for Research on Poverty, University of Wisconsin-Madison, April 2001, <https://www.irp.wisc.edu/wp/wp-content/uploads/2022/10/csde-p1v1-full-report.pdf>.

<sup>7</sup> Lisa Klein Vogel, “Barriers to Meeting Formal Child Support Obligations: Noncustodial Father Perspectives,” *Children and Youth Services Review*, Vol. 110, No. 2, March 2020, [https://www.researchgate.net/publication/338554399\\_Barriers\\_to\\_Meeting\\_Formal\\_Child\\_Support\\_Obligations\\_Noncustodial\\_Father\\_Perspectives](https://www.researchgate.net/publication/338554399_Barriers_to_Meeting_Formal_Child_Support_Obligations_Noncustodial_Father_Perspectives); Samara Potter Gunter, “Effects of Child Support Pass-Through and Disregard Policies on In-Kind Child Support,” *Review of Economics of the Household*, Vol. 11, January 18, 2012, <https://link.springer.com/article/10.1007/s11150-012-9140-2>.

<sup>8</sup> Cancian, Meyer, and Emma Caspar, “Welfare and Child Support: Complements, Not Substitutes,” *Journal of Policy Analysis and Management*, Vol. 27, No. 2, [https://users.ssc.wisc.edu/~gwallace/Papers/Cancian,%20Meyer,%20and%20Caspar%20\(2008\).pdf](https://users.ssc.wisc.edu/~gwallace/Papers/Cancian,%20Meyer,%20and%20Caspar%20(2008).pdf); Meyer and Cancian, *op. cit.*

<sup>9</sup> Wheaton and Sorensen, *op. cit.*

<sup>10</sup> Michael Martinez-Schiferi, Tom Zolot, and Larry Desbien, “Poster Paper: Effects of Child Support Pass through on Colorado Families in Need,” Colorado Department of Human Services, November 7, 2019, <https://appam.confex.com/appam/2019/webprogram/Paper30963.html>.

to child protective services alleging child neglect or maltreatment that met state criteria for further assessment) than mothers who received a partial pass-through.<sup>11</sup>

Families experiencing poverty are far more likely to be reported to child protective services than families with more resources.<sup>12</sup> Economic hardship may interfere with parents' ability to provide their children with basic necessities like food, shelter, medical care, and supervision — factors that can contribute to a child welfare agency's determination that a child is being neglected. Unemployment, housing instability, and eviction have all been associated with increased risk of families' involvement in the child welfare system.

Studies have linked anti-poverty measures that increase family income and help parents provide their children with basic necessities with fewer reports of child neglect to child protective services.<sup>13</sup> Even relatively small infusions of cash can make a difference by helping families maintain housing and employment or meet other expenses of raising children.

## Conclusion

Children and families benefit in multiple ways when they receive their child support payments. But child support loses its effectiveness when it is kept by governments rather than paid to families. Despite the importance of income support for families living in and near poverty, nearly half of the families participating in the child support program do not receive 100 percent of the child support payments made on their behalf.

This is an opportune time for Maryland and other states to take action. There is broad consensus among parents, researchers, legislators on both sides of the aisle, policy analysts, advocates, and program administrators that child support should be paid to families in full, instead of used to reimburse the government for cash assistance.<sup>14</sup> The gain for families is real — increasing the amount of child support they receive can not only help them make ends meet but enable them to thrive.

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<sup>11</sup> Cancian, Kristen Shook Slack, and Mi You Yang, "The Effect of Family Income on Risk of Child Maltreatment," Institute for Research on Poverty, University of Wisconsin-Madison, August 2010, <https://www.irp.wisc.edu/resource/the-effect-of-family-income-on-risk-of-child-maltreatment/>.

<sup>12</sup> Child Welfare Information Gateway, "Separating Poverty from Neglect in Child Welfare," February 2023, <https://www.childwelfare.gov/resources/separating-poverty-neglect-child-welfare/>.

<sup>13</sup> Nicole L. Kovski *et al.*, "Association of State-Level Earned Income Tax Credits With Rates of Reported Child Maltreatment, 2004-2017," *Child Maltreatment*, Vol. 27, No. 3, January 19, 2021, <https://doi.org/10.1177/1077559520987302>; Henry T. Puls *et al.*, "State Spending on Public Benefit Programs and Child Maltreatment," *Pediatrics*, Vol. 148, No. 5, November 1, 2021, <https://doi.org/10.1542/peds.2021-050685>; Donna K. Ginther and Michelle Johnson-Motoyama, "Do State TANF Policies Affect Child Abuse and Neglect?" Iowa State University Department of Economics, October 27, 2017, [https://www.econ.iastate.edu/files/events/files/gintherjohnsonmtoyama\\_appam.pdf](https://www.econ.iastate.edu/files/events/files/gintherjohnsonmtoyama_appam.pdf).

<sup>14</sup> See, e.g., Cancian and Robert Doar, "Child Support Policy: Areas of Emerging Agreement and Ongoing Debate," McCourt School of Public Policy, Georgetown University and American Enterprise Institute, November 9, 2023, <https://www.aei.org/research-products/working-paper/child-support-policy-areas-of-emerging-agreement-and-ongoing-debate/>; Maretta McDonald *et al.*, "Factors That Impact the Child Support Program's Role in Reducing Child Poverty: Convening Summary," Assistant Secretary for Planning and Evaluation, U.S. Office of Human Services Policy, September 2024, <https://aspe.hhs.gov/sites/default/files/documents/d3636e92120856f652a0d796d29a886d/factors-impact-child-support-programs.pdf>.

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Updated July 12, 2024

## Understanding TANF Cost Recovery in the Child Support Program

By Vicki Turetsky<sup>1</sup> and Diana Azevedo-McCaffrey

Many children and their custodial parents receive child support payments from non-custodial parents to help cover child-rearing costs.<sup>2</sup> Child support can be a significant source of family income for families struggling to make ends meet. That is especially true for families receiving cash payments from the Temporary Assistance for Needy Families (TANF) program, who receive benefits that still leave them at or below 60 percent of the federal poverty level in *every* state.<sup>3</sup>

However, child support payments often do not reach families participating in TANF. And even after they leave TANF, states still keep some of their child support payments. State child support policies typically prioritize reimbursing the state and federal government for TANF cash payments provided to families during times of need, rather than directing payments to the children for whom they are intended. States have policy options to direct more child support payments to families who receive or used to receive TANF assistance, but only half of states have chosen to exercise any of those options.

Families, not states, should receive the child support payments made by non-custodial parents for their children. The goal is to pay *all* child support to families who receive or previously received TANF — including both monthly support and past-due support. Federal law gives states the flexibility to achieve this goal by combining policy options that direct more child support payments to families and decrease payments kept by the state. States have two key decisions to consider regarding how they direct, or do not direct, child support to families. The first is whether to enact “pass-through” policies that ensure child support payments are directed to families. The second decision is whether to adopt family-first distribution of child support collected through the federal tax system, a state option known as “DRA distribution” under the Deficit Reduction Act of 2005 (DRA).

In this paper, we explain these terms and decision points, and discuss the history, rules, and mechanics of using child support to reimburse TANF cash assistance. We focus on families receiving TANF cash assistance and who formerly received TANF cash assistance and outline how the child support and TANF programs intersect and operate, with a focus on the cost recovery process.<sup>4</sup>

Through understanding the rules and mechanics related to TANF cost recovery in the child support program, policymakers, family advocates, and other stakeholders can explore the full range of policy opportunities and pursue policy changes at the state level that direct more child support to families. (A future paper will make the case for states to increase family resources, improve child and family well-being, and promote equity by paying all child support to families.)

Below, we discuss the following key child support payment rules and mechanics:

- The state’s legal claim to child support payments, or “assignment,” for families who receive or previously received TANF cash assistance;
- The order in which child support payments are “distributed,” or allocated, to the various parties with legal claims to child support (namely custodial families) and to the state under an assignment; and
- State options for directing collected child support to families and the differences between these options.

## **Receiving Child Support Is Critical to Family Well-Being**

Among custodial families with incomes below the federal poverty level, child support represents, on average, 41 percent of their income when received. The share is even larger for custodial families living below 50 percent of the federal poverty level, with child support making up 65 percent of their income when received.<sup>5</sup>

More child support payments can help families cover essentials like rent, utilities, food, school supplies, and children’s clothing.<sup>6</sup> Regular child support payments can also promote financial stability by serving as a long-term stream of consistent cash income that custodial parents can rely on to meet their children’s needs.<sup>7</sup> Further, research shows that receiving child support payments can promote positive outcomes for children and families, including increased parental involvement among non-custodial parents and better child developmental outcomes.<sup>8</sup>

Families enter the child support program through two separate and unequal routes. One route is voluntary. Custodial parents, regardless of income, can choose to apply for child support services for a small fee in order to establish and enforce child support orders. Families entering the program this way keep child support payments collected on their behalf.

Through the other route, however, custodial families who receive TANF cash assistance are required to participate in the child support program as a condition of receiving cash assistance, regardless of whether they want child support services. This participation requirement is called “cooperation.”<sup>9</sup> Failure to cooperate with the child support program results in at least a 25 percent reduction in the amount of cash assistance provided to the family. In fact, some states do not provide any cash assistance at all to families if they fail to cooperate.<sup>10</sup>

Custodial families participating in TANF often do not receive any of the material or social benefits from child support payments. Instead, they are forced to relinquish their legal rights to child support income, which, if they received it, could help lessen their financial precarity. As a condition of receiving cash assistance, they are required to transfer their rights to child support payments to the state through a legal mechanism called “assignment.”<sup>11</sup> The child support collected on their

behalf is then kept by the state and split with the federal government as repayment for TANF cash payments made to a family. This policy is known as “cost recovery.”<sup>12</sup> Cost recovery policies predate the child support program and are based on the idea that non-custodial parents should repay the state for public assistance their children receive.

In practice, this means that when a non-custodial parent pays child support for a child receiving TANF cash assistance, the money may be claimed by the state and treated as government revenues instead of being given to the custodial family. Even when a family no longer receives TANF cash assistance, the state may continue to keep some child support payments owed during the time the family received TANF benefits, typically when support is collected through a non-custodial parent’s federal tax refund. Child support payment distribution rules are explained in more detail in the following sections.

Cost recovery policies deprive struggling families of a vital source of income to make ends meet. These policies impact custodial families participating in TANF — households that are generally headed by women with low incomes, and, to a disproportionate extent, women of color. The unfairness of these policies can land particularly hard on Black women, who have worked hard to provide for themselves and their families — despite long-standing structural racism and sexism in the labor market that have severely limited their employment prospects and depressed their wages.<sup>13</sup>

## **Cost Recovery Policies Predate the Child Support Program**

Congress established the federal child support program in 1975 under title IV-D of the Social Security Act to expand and improve child support enforcement laws and processes then available in states and to create the federal Office of Child Support Enforcement.<sup>14</sup> Title IV-D had two legislative purposes: to recover the costs of cash assistance under the Aid to Families with Dependent Children (AFDC) program — TANF’s predecessor — and to avoid the need for cash assistance by increasing custodial families’ child support income.

The child support program established through title IV-D has a complicated history. Women’s rights and anti-poverty advocates championed its creation. It was largely a response to rising divorce rates among white middle-class families, large income disparities between divorced men and women, and high poverty rates among predominantly white mothers who were previously considered to be middle class and who shouldered most child-rearing responsibilities and costs following divorce.<sup>15</sup> The legislative history of title IV-D also reflected concerns over the growing number of children born to unmarried parents, and the view that children have a right to know who their parents are, to establish parentage, and to receive child support. In a number of ways, title IV-D challenged traditional ideas about gender roles, marriage, and family structure more prominent at the time.

Yet the child support program also was established to recover cash assistance costs. The cost recovery policies incorporated into the TANF program are deeply rooted in what were named “bastardy” and “poor relief” laws, which reflected certain attitudes and assumptions about people experiencing poverty in the 19th century. One such assumption was that individuals are to blame for their circumstances and should be held personally responsible for them, rather than considering the many structural causes of poverty. Under this view, government assistance should be granted grudgingly — if at all. Most poor relief laws included definitions of who was legally entitled to public assistance. Notably, those entitled to relief usually had to be white and unable to work.<sup>16</sup>

Poor relief laws treated public assistance as a loan or debt that could be collected through a legal action brought by the county against the recipient, while bastardy laws, initially criminal in nature, required the mother of a child born outside of marriage to identify the father so the court could establish paternity and order support for the maintenance and education of the child.<sup>17</sup> Poor relief and criminal bastardy laws were also used to force both children and parents into indentured labor in exchange for public assistance. Some Southern states maintained these laws into the 20th century as a racialized system of social control targeting Black families that prevented them from earning wages for their labor and escaping poverty.<sup>18</sup>

Initially, child support services funded under title IV-D were only available to custodial families receiving AFDC. These families were required to participate in the child support program and to sign over their rights to child support to the state in exchange for receiving cash assistance.<sup>19</sup> In 1984, however, Congress required states to allow custodial parents to apply for child support services even if they did not receive AFDC.<sup>20</sup> At the same time, federal law retained the cooperation and assignment requirements for custodial families receiving AFDC.

The policies that guide cost recovery for current and former TANF recipients today reflect policies that were enacted through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) — the law that created TANF — and the Deficit Reduction Act of 2005 (DRA), which also reauthorized and made significant changes to TANF. These laws narrowed TANF assignment policies, expanded the rules that prioritize payment of child support to families (known as “family-first distribution”), and increased state flexibility to direct more child support to TANF families.

More than 60 percent of all custodial parents in the U.S. now participate in the child support program.<sup>21</sup> About half of custodial parents participating in the program currently receive or previously received TANF cash assistance, while half never received cash assistance. Although federal child support services are available to all regardless of income, custodial parents with limited incomes are more likely to participate than custodial parents with higher incomes.<sup>22</sup> Most custodial parents participating in the child support program have family incomes at or below the federal poverty line.

Parents who hire private attorneys to represent them in a divorce proceeding or otherwise obtain child support orders are not part of the federal child support program unless they later apply for program services to enforce their orders. Non-custodial parents also may apply for child support services, for example, to legally establish their parentage or to adjust their support order.<sup>23</sup>

## **Establishing, Enforcing, and Collecting on Child Support Orders**

The legal obligation of non-custodial parents to pay child support is created through the establishment of a child support order. Depending on the state, a court or administrative agency sets a monthly support obligation amount as part of a child support order calculated according to state child support guidelines. State guidelines require order amounts to be based on parental earnings, income, and other evidence of ability to pay.<sup>24</sup>

In all but a handful of states, child support orders account for the income of both parents. The amount of support payable every month is called “current support.” If a non-custodial parent falls behind in payments, the past due amount accrues as debt, often called “arrear.” Arrear may be

owed to a family or the state depending upon whether the support was due during the TANF assistance period. More than 80 percent of program arrears are owed to families, while less than 20 percent are assigned and owed to states.<sup>25</sup>

Arrears owed to the state under an assignment are often referred to as “state debt.” In half of states, child support arrears, whether owed to the family or state, accrue government-imposed interest.<sup>26</sup> The state debt includes any added interest, fees, and costs.<sup>27</sup> States have full authority under federal law to reduce, forgive, or write off state debt, without owing a federal share, and most states have state debt-reduction programs or procedures.<sup>28</sup> However, only custodial parents can forgive arrears (including interest) owed to them.

Almost all income sources, as well as assets, are legally subject to child support enforcement, including wages, federal and state income tax refunds, unemployment insurance, worker’s compensation, Social Security benefits under title II of the Social Security Act, insurance settlements, and funds held in a bank account.<sup>29</sup> Most child support payments are collected on time through automatic payroll and other income withholding — a process similar to withholding income taxes.<sup>30</sup> Payroll withholding is required for all non-custodial parents who owe child support, whether or not the parent is behind on payments.<sup>31</sup>

When non-custodial parents fall behind on their payments, the child support agency can collect arrears through a variety of enforcement mechanisms, including garnishments, deducting or “offsetting” federal and state income tax refunds, bank account liens, credit bureau reporting, driver’s license suspension, and incarceration.<sup>32</sup> Child support payments are initially sent to a state payment processing center (sometimes called a state disbursement unit) for accounting and disbursement.<sup>33</sup>

States retain and allocate collections assigned by families participating in TANF based on state distribution and pass-through policies. In 2022, states and the federal government kept two-thirds of assigned collections made on behalf of children receiving TANF assistance to reimburse cash assistance costs, while the remaining third was paid to custodial families during the assistance period.

Amounts retained as assistance reimbursement are shared with the federal government according to a state’s Federal Medical Assistance Percentage (FMAP). FMAP rates are used to determine the amount of federal matching funds for state expenditures for Medicaid and certain other programs. They are calculated by the U.S. Department of Health and Human Services each year by comparing each state’s per capita income relative to U.S. per capita income. States with lower per capita incomes have higher FMAP rates, meaning the federal government contributes a higher share of matching funds for state Medicaid expenditures.<sup>34</sup> As a result, states with higher FMAPs must send back a larger share of child support collections to the federal treasury to reimburse the federal share of cash assistance costs.<sup>35</sup>

## **Understanding Child Support Assignments**

Child support assignment and distribution policies address two questions. “Assignment” policies answer the question: “Does the state have a legal claim to the child support payment?” When the rights to support payments are assigned to the state, “distribution” policies answer the question: “Is the state’s or family’s claim to the payment paid first?”<sup>36</sup>

The TANF assignment requirement establishes the state's legal claim to child support payments to reimburse the government for cash assistance payments made to the family.<sup>37</sup> In order to receive TANF cash assistance, custodial families must participate in the child support program and “assign,” or sign over to the state their rights to child support payments owed during the period they receive cash benefits from TANF.<sup>38</sup>

Without an assignment, the state does not have the right to keep child support payments. Support payments that become due before or after a family receives TANF are not assigned, and instead are owed to the family. However, support payments that become due during the assistance period are permanently assigned and remain owed to the state even after the family leaves TANF.

Before the DRA was enacted in 2006, families receiving TANF were required to assign the rights to support owed to them before an assistance period, as well as during the assistance period. This policy was called “pre-assistance” assignment.<sup>39</sup> This broad assignment requirement meant that states could keep considerably more support to reimburse assistance, while families ended up with less support.<sup>40</sup>

However, the DRA narrowed the scope of assignment to support owed during the assistance period and eliminated pre-assistance assignment. But the change in the law was prospective — it applies only to assignments entered into by October 1, 2009.<sup>41</sup> This means that the old pre-assistance assignments that families entered into before the implementation date are still legally valid. The DRA addresses this by giving states two options: one option allows states to cancel pre-assistance assignments entered into before that date. The other option allows states to cancel all assignments of any type entered into before October 1, 1997 (before PRWORA distribution rules were enacted).<sup>42</sup> When a state cancels old assignments, the state's claims to the assigned child support payments are extinguished, and no federal share is owed.<sup>43</sup>

States may only keep the amount of support payments due under the child support order and assigned to the state. In addition, a state may only retain assigned support to reimburse TANF cash assistance — that is, assistance “paid to the family” in the form of “money payments in cash, checks, or warrants immediately redeemable at par.”<sup>44</sup> For example, the state may not keep child support to repay child care vouchers even when it is considered assistance from the state.

States keep a tab of the amount of cash assistance paid to a family, called the “Unreimbursed Assistance” (URA) balance, which establishes the maximum amount of reimbursement a state may seek. The URA balance accounts for all cash payments made to a family, but the state may only collect reimbursement for months in which a child support order is in place. Child support payments kept by the state reduces the URA balance dollar for dollar. The URA balance includes the cumulative amount of cash assistance paid during all assistance periods.<sup>45</sup>

In addition, states may not keep child support as reimbursement for TANF payments received before a child support order is in place or keep more than the amount due under the child support order. This is because the state only has a legal right to the amount of child support that has been assigned to it. The assignment law does not impose a general obligation on non-custodial parents to repay the entire amount of assistance paid to the custodial families. For example, if a custodial family receives \$400 in cash assistance per month for ten months, the beginning URA balance is \$4,000. However, if the child support order is not established until the fifth month and the non-custodial parent is ordered to pay \$200 per month, the state may only keep the assigned child support amount

of \$1,000 (five months at \$200 per month). In other words, the state's right to keep child support payments is limited to the lesser of the URA balance or the cumulative support obligation.<sup>46</sup>

## Understanding Child Support Distribution Policies

Child support “distribution” rules govern how state child support programs allocate child support collections between families and the state when a family is receiving or has received TANF cash assistance.<sup>47</sup> Distribution rules prioritize state or family claims to payment and establish the order in which multiple claims are paid.<sup>48</sup> Because support collections usually are not large enough to pay off both state and family arrears, the order of distribution dictates which claim to the support is paid first. When assigned support is not paid on time and becomes overdue during the assistance period, the accrued arrears are owed to the state and treated as state debt. When arrears have accrued before or after the assistance period, they are owed to families.

Congress has twice narrowed TANF cost recovery policies and expanded the rules that prioritize payment of child support to families, known as “family-first” distribution — through PRWORA and the DRA. Under current law, states may elect either “PRWORA distribution” or “DRA distribution” in their IV-D state plans.<sup>49</sup> (See Figure 1.) DRA distribution maximizes family-first allocation of payments and provides states with more options to pay child support to families.

PRWORA established two general rules for distributing child support payments: 1) collected support is allocated to pay current monthly support before arrears, regardless of the family's TANF status; and 2) arrears that have been assigned to the state are paid first while families receive TANF, but arrears owed to the family are paid first once families stop receiving assistance.<sup>50</sup> These rules mean that when a family is receiving TANF, the state may keep assigned monthly support and arrears payments until the state is paid off. After a family leaves TANF, however, the rule is flipped. The family receives monthly child support payments and any arrears owed to them before the state debt is paid.

Under the general distribution rules adopted in PRWORA, the payment order in child support cases for families who formerly received TANF is sometimes referred to as family-first distribution. This is because when a family no longer receives TANF, monthly support and family arrears are paid before state debt. In other words, families are first in line for payment every time a state makes a collection when the family is no longer receiving TANF. The state debt amount does not change, but paying it off is given less priority than payments owed to families. States do not owe the federal government a share of any support distributed to families, because it is not assigned to the state.

However, PRWORA created a special rule for support collected through a federal tax offset. The IRS collects child support arrears certified by a state by offsetting child support payments owed to them from federal tax refunds and refundable credits, including the Earned Income Tax Credit (EITC). Under this special distribution rule known as the “federal tax offset exception,” states distribute federal tax offset collections to: (1) arrears, not current support, and (2) state-assigned arrears before family arrears, even when a family no longer receives TANF.<sup>51</sup>

In other words, under the special rule, a payment collected through a federal tax offset is applied to arrears only, and none of the payment is distributed to current support. A payment collected through a federal tax offset is the only type of payment that is not distributed to current support (the special rule applies only to federal tax offsets and does not apply to state tax offsets). The historical

reason for the tax offset exception is that Congress sought to blunt the fiscal impact on states when it adopted family-first distribution rules in 1996.

The DRA gives states the option to eliminate the special distribution rule for federal tax offsets.<sup>52</sup> DRA distribution means that the state applies family-first distribution to federal tax offset collections in the same way that it distributes every other type of collection: the state allocates child support collected through a federal tax offset first to current support in all cases, whether it's for a family currently or formerly receiving TANF. So far, eight states and Puerto Rico have adopted DRA distribution while the remaining states and Washington D.C. have PRWORA distribution.<sup>53</sup>

When a state distributes a federal tax offset collection to a family currently receiving TANF using DRA distribution rules, the current support is distributed first. However, since current support is assigned, it is kept by the state. For families who no longer receive TANF, current support is not assigned but instead is paid to the families. In the case of support distributed to former TANF families, the state does not owe a federal share because the support is not assigned.

After distributing current support to families, the state follows the general distribution rule for paying arrears. In a case involving a family currently receiving TANF, the state distributes the remaining offset collection first to arrears assigned to the state, then to family arrears. In a former assistance case, the state applies family-first distribution to allocate the remaining collection first to family arrears, then to state debt.

Even states that elect DRA distribution keep some collections that apply to arrears assigned during the assistance period unless the state passes them through to families. Under DRA distribution, family arrears are paid first, but once family arrears are paid off, state debt is next in line for payment, regardless of the collection source. However, states that elect PRWORA distribution rules keep more collections because state-assigned arrears have payment priority whenever a state collects through a federal tax offset.

Due to the order in which collected child support is distributed, most of the child support paid on behalf of families currently receiving TANF cash assistance is retained by the state.<sup>54</sup> On the other hand, most of the support collected for families who previously received TANF is distributed to those families. In 2022, 91 percent of the collections made on behalf of families who no longer receive assistance were paid to the families.<sup>55</sup> The remaining 9 percent retained by states was primarily collected through federal tax offsets.

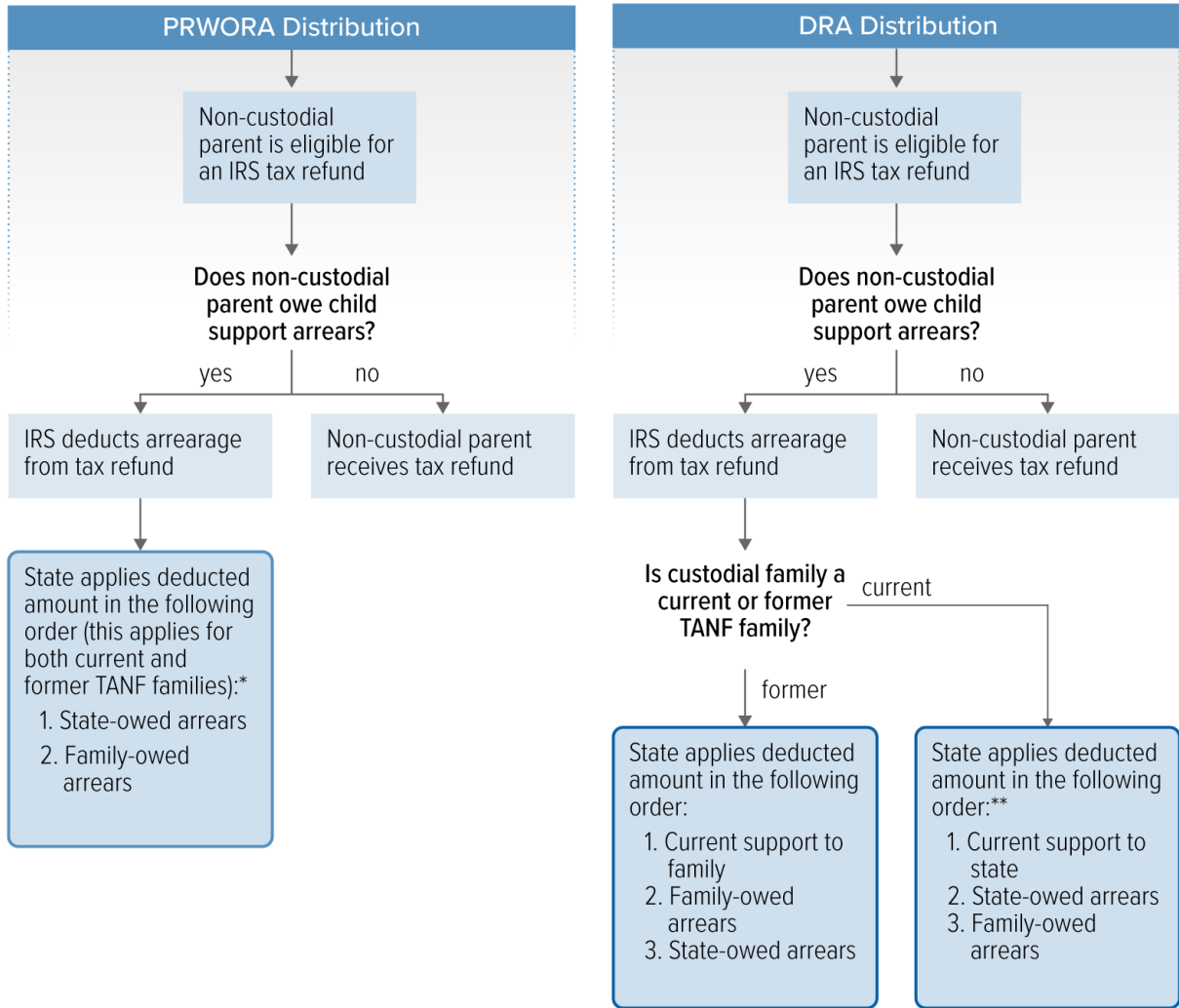
But because there are more than five times as many former assistance cases as there are current assistance cases (including TANF and IV-E foster care cases), almost two-thirds of total child support payments retained to reimburse assistance are collected in former assistance cases.



FIGURE 1

## How Do Child Support Distribution Policies Work?

Understanding the two options states have to distribute child support collected from tax offsets to current and former TANF families



\*Under PRWORA distribution, a current TANF family could receive assigned child support collected from a federal tax offset if a state has adopted a policy to pass through child support arrears.

\*\*Under DRA distribution, a current TANF family could receive child support if a state has adopted a policy to pass through some amount of current support, which is the most typical state pass-through policy.

Note: PRWORA = Personal Responsibility and Work Opportunity Reconciliation Act. DRA = Deficit Reduction Act of 2005.

Source: CBPP analysis

## Passing Through Support for Families

More than half of states have elected to pay families some of the child support payments that have been assigned to the state instead of keeping them as state revenues. This is called a “pass-through” policy. All child support that is “passed through” to families, whether they are currently receiving or formerly received TANF assistance, is assigned to the state. However, some states have elected to pay assigned support payments to the families rather than keep them as state revenues, i.e., the state has passed through these assigned payments to families. Implementation of a pass-through policy allows current and former TANF families to receive more support and to have a clearer sense of the financial contributions made by non-custodial parents. (See Figure 2.)

Generally, states also implement a separate policy to “disregard” any support passed through to a family receiving TANF when determining their TANF eligibility and benefit amount. Implementing a disregard policy ensures that receiving child support won’t impact families’ TANF eligibility or decrease the amount of cash benefits they receive each month. For families to benefit financially from the child support collected under an assignment, the state must both pass through the support and disregard it so cash benefits aren’t reduced dollar-for-dollar.

Under the DRA, states may pass through any amount of assigned support in current or former TANF cases. The DRA also includes a full waiver of the federal share of support passed through to families who formerly received TANF. This means the state does not owe the federal government a share of support passed through in former assistance cases. But it only includes a partial waiver of the federal share in the cases of families who currently receive TANF. By law, the federal share is waived up to \$100 for one child and \$200 for two or more children passed through in a month to families currently receiving TANF — but only if the amount also is disregarded in determining their TANF eligibility and benefit amounts.<sup>56</sup>

There is a difference between “distributing” and “passing through” support to families. Family distribution means prioritizing payment of support that is legally owed to families — paying family claims before state claims to support. Passing through support, on the other hand, means paying support to families that is assigned to the state. This happens when the state has decided as a matter of policy to redirect the assigned support to families and relinquish the revenues.

Assigned support payments, whether kept by the state or passed through by the state to families, reduce the URA balance. In other words, the reduction occurs when support is passed through to a family currently or previously receiving TANF, just as it would be if the state keeps the money.<sup>57</sup> States also may count the state share of support passed through and disregarded for families currently receiving assistance toward their TANF maintenance of effort (MOE) obligation, since the state is using state funds to increase cash payments to families.<sup>58</sup>

Before PRWORA was enacted, states were required to pass through the first \$50 of monthly current support to families receiving assistance and to disregard that amount in determining their AFDC eligibility and benefit amounts. PRWORA eliminated the \$50 mandatory pass through and disregard required in AFDC. Instead, the federal law gave each state the flexibility to pass through and disregard any amount of child support to families while they received cash assistance under TANF. However, PRWORA required states to pay a federal share of support regardless of their pass-through policy. The DRA enacted a limited waiver of the federal share, up to \$100 for one child and \$200 for two or more children.

Regardless of a state's policy decision, however, the state was required to pay a federal share on the entire amount of collected support assigned to the state. Consequently, half of states stopped passing through support to families receiving TANF. Currently, 22 states do not pass through any amount of support. PRWORA also allowed states with AFDC fill-the-gap budgeting to maintain this form of budgeting in their TANF programs. (Fill-the-gap budgeting means that certain kinds of income do not count against a family's TANF benefit until their income reaches a certain level. This is described more in the endnote.) Five states use fill-the-gap budgeting, which results in a significant share of child support being distributed to families receiving TANF.<sup>59</sup>

When a state elects the DRA option, the only way to increase child support payments to families currently receiving TANF is to pass through assigned support. That's because for families receiving TANF, the state has the legal right to their current support and arrears under the assignment, and the payments are distributed to the state. As a result, the DRA's family-first distribution alone does not increase child support payments to families receiving TANF; it must be paired with a pass-through policy. However, DRA ordering rules require that federal tax offset collections, like other payments, be distributed first to current support before distributing them to arrears, increasing the amount attributed to current support.

By adopting a pass-through of current support assigned to the state in combination with DRA distribution, states can pass through that portion of a tax offset collection distributed as current support, substantially increasing the amount of support available to families while receiving TANF. (Similarly, families would receive that portion of tax offset collections distributed to arrears when states pass through arrears owed to the state to families.)

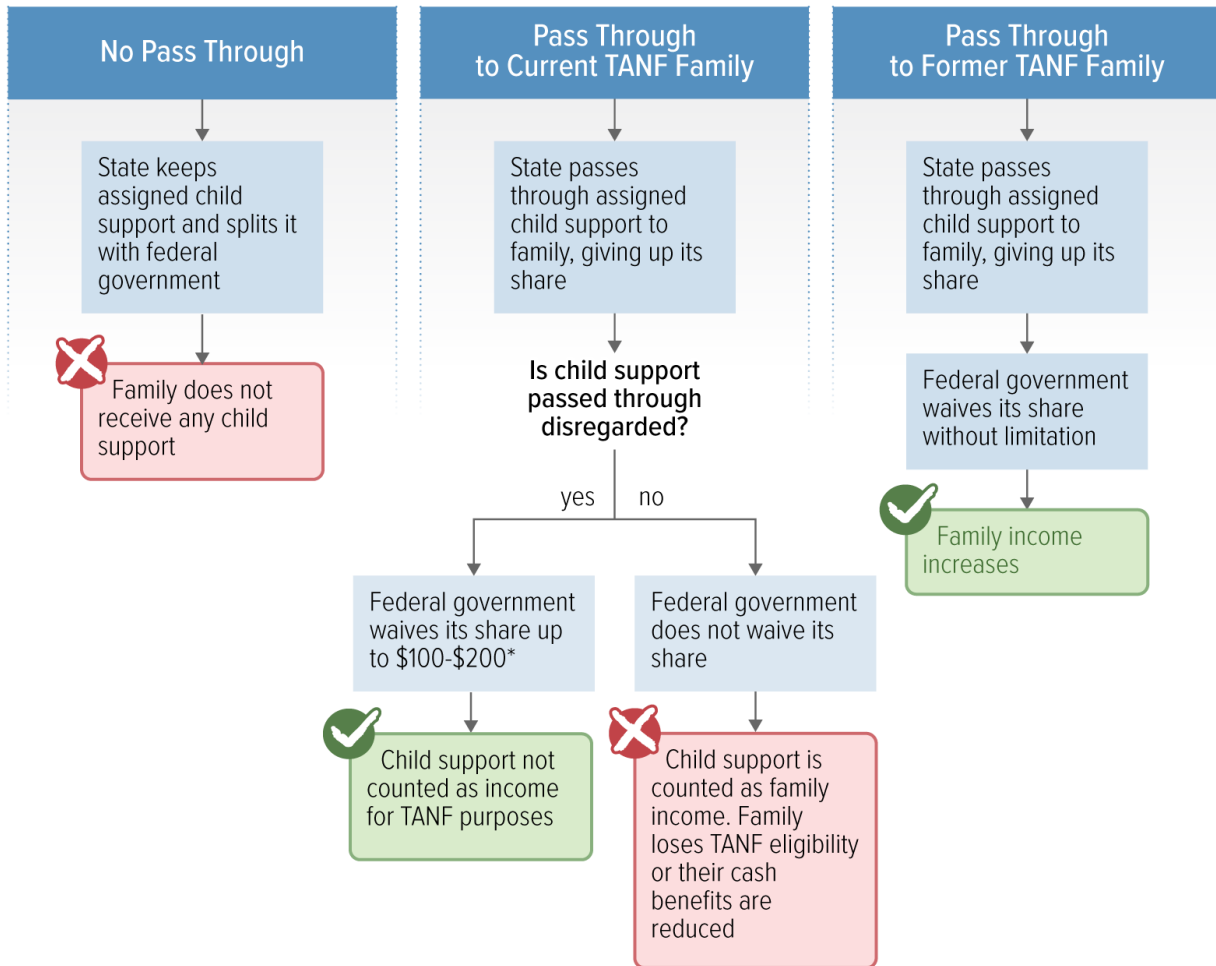
Most collected child support is distributed to families who previously received TANF because they have payment priority under PRWORA family-first distribution rules. That is, they receive both current support and arrears owed to the family before any state debt is paid. However, the DRA provides states with two options for directing the remaining support to former TANF families that would otherwise be applied to state debt. First, states have the option to elect DRA distribution — that is, to apply family-first distribution to federal tax offset collections, so that the offsets are applied to current support and arrears owed to the family before state debt.

Second, states may pass through any amount of assigned support to families who currently receive or formerly received TANF. Just as states may adopt a pass-through policy for current TANF families, they also may adopt a pass-through policy for former TANF families in combination with or as an alternative to DRA family-first distribution of federal tax offset collections. Although the support is assigned and therefore belongs to the state, the state may decide as a matter of policy to redirect the assigned support to families.

By combining DRA options, states can pay all support payments to families. States can accomplish this through two alternative strategies. First, they may elect DRA distribution to prioritize family distribution of federal tax offset collections, and then pass through remaining assigned collections, so that all collections are paid to families. Alternatively, states may keep PRWORA distribution rules but still pass through any or all assigned support, including tax offset collections, to families. Both strategies can result in *all* collections going to current and former TANF families.

FIGURE 2

## How Does A Pass-Through For Current and Former TANF Families Work?



\*Up to \$100 for one child, \$200 for two or more children.

Source: CBPP analysis

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.C

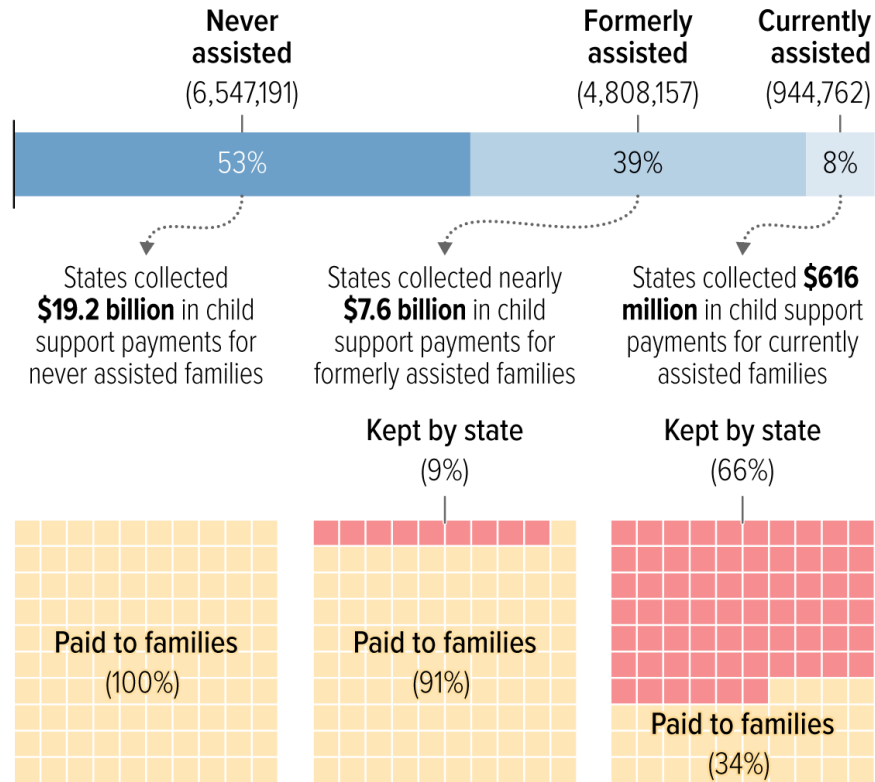
### Child Support Caseloads and Collection Trends

More than half of child support cases involve families who applied for child support services on their own and are not subject to the TANF assignment requirement.<sup>60</sup> In 2022, 53 percent of total child support cases involved families who never received cash assistance through the TANF or IV-E funded foster care programs, while 39 percent previously received assistance, and 8 percent involved families currently receiving assistance.<sup>61</sup>

FIGURE 3

## States Withheld \$1.1 Billion in Child Support as Cost Recovery in 2022

**Total Child Support Program Caseload in 2022: 12,300,110**



Notes: Never assisted=The percentage of cases involving families who have not received TANF or Foster Case Maintenance Payments and are not impacted by cost recovery policies. Formerly assisted=The percentage of cases involving families who formerly received TANF or Foster Care Maintenance Payments. Currently assisted=The percentage of cases involving families currently receiving TANF or Foster Care Maintenance Payments.

Source: Office of Child Support Enforcement, "Preliminary Data Report FY 2022," Tables P-1,

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The child support program collected more than \$27 billion in 2022. Most of these dollars were collected for families who never participated in TANF. States collected \$8.2 billion for families with current and former assistance cases — those potentially subject to cost recovery: \$616 million in current assistance cases and nearly \$7.6 billion in former assistance cases.<sup>62</sup> Of the \$8.2 billion in combined collections made in current and former assistance cases, states kept \$1.1 billion as assistance reimbursement. That's 4 percent of total program collections, but 13 percent of combined collections made in current and former assistance cases. States kept two-thirds (66 percent) of the support collected in current assistance cases to reimburse cash assistance. By comparison, states kept 9 percent of the support collected in former assistance cases as assistance reimbursement.<sup>63</sup>

However, since there are significantly more former assistance cases than current assistance cases, most of the cost recovery dollars kept by the child support program are collected in former assistance cases. Of the total \$1.1 billion kept as assistance reimbursement, \$667 million (62 percent) were collected in former assistance cases, while \$404 million (38 percent) were collected in current assistance cases.<sup>64</sup> The amount of assistance reimbursement has declined over the past two decades, primarily due to falling TANF caseloads. Expanded family distribution policies also have reduced the amount of reimbursement kept by states.

Child support payments kept to reimburse assistance are split between federal and state governments. Of the \$1.1 billion, states kept \$400 million (37 percent) and the federal government received \$670 million (63 percent).<sup>65</sup> Cost recovery dollars are treated as government revenues that may be spent for any public purpose. Some states use child support funds to help pay for their TANF or child support programs, while others use the funds as general revenues. The federal share of support is sent to the federal treasury and treated as general revenues.

Although these are relatively small (and diminishing) amounts of funding for states and the federal government, the same isn't true for families — receiving their child support payments (and having those payments disregarded from their TANF benefit calculation) would provide them with a valuable income source to afford basic necessities. While states spend a total of \$19 billion on their TANF programs, only about \$7 billion or 23 percent of total TANF spending goes to cash assistance paid directly to families.<sup>66</sup> An additional \$1 billion would be a significant amount of money in families' pockets. Instead of sending most of the child support payments to the federal government, states have options to give them to the families they are intended for.

## Appendix Table I

TABLE 1

### Glossary of Key Terms for Child Support Assignment and Distribution

Key Term	Definition
<b>Arrears or Arrearage</b>	Past-due, unpaid child support owed by the non-custodial parent, also known as child support debt. Arrears may be owed to the family or the state. Assigned arrears owed to the state is often called state debt.
<b>Assignment</b>	Transferring legal rights to another party. In the child support context, it refers to transferring rights to child support to a state or tribe as a condition of receiving cash assistance. Assignment establishes a state’s legal claim to child support payments.
<b>Assistance paid to the family</b>	Assistance under the state program, funded under part A of the Social Security Act, is provided in the form of money payments. States may only retain child support payments in current and former TANF cases to reimburse assistance that is “paid to the family,” that is, cash or cash-like assistance.
<b>Current assistance case</b>	The child support case of a family or child receiving (1) assistance under the state program funded under part A; and (2) foster care maintenance payments under the state plan approved under part E of the Social Security Act. A state may retain assigned child support according to IV-D distribution rules but may not retain support to reimburse other forms of public assistance. (However, assigned medical support specifically designated in a child support order may be retained to reimburse Medicaid.)
<b>Child support guidelines</b>	A standard formula adopted in each state for setting child support obligations based on parental earnings, income, and other evidence of ability to pay. State guidelines include a set of policies and numeric scale. Almost all states consider the incomes of both parents in setting support orders. Child support guidelines may be established by the state legislature, court, administrative agency, or independent commission.
<b>Child support order</b>	A written order established by a legal process setting: (1) the amount of financial support that is to be provided by a parent for the support of children; and (2) the responsibility to provide for child health care coverage (such as private insurance, Medicaid, or CHIP)

TABLE 1

## Glossary of Key Terms for Child Support Assignment and Distribution

Key Term	Definition
	or cash medical support to reimburse children’s out-of-pocket health care costs.
<b>Current support</b>	The amount of support due every month under the child support order.
<b>Custodial parent or party</b>	The parent or caregiver who a child lives with most of the time, who is primarily responsible for a child’s day-to-day supervision and care, and who is eligible for child support because the parent lives elsewhere. In a child support context, a custodial parent is sometimes referred to as an obligee, resident parent, parent who receives child support payments, or receiving parent.
<b>Child support or IV-D agency</b>	The state, local, or tribal agency designated to administer federal funds under the IV-D of the Social Security Act to locate non-custodial parents; establish paternity; establish, enforce, and modify child support and medical support orders; and collect and distribute child support money. In some states, the IV-D agency also administers federal Access and Visitation funds.
<b>Child support pass through</b>	State payment of part or all of an assigned child support collection to a family with a current or former assistance case, instead of keeping the funds to reimburse the state and federal government.
<b>Disregard</b>	A TANF policy under which some or all passed-through child support is excluded from income in determining eligibility and calculating benefits.
<b>Disbursement</b>	The process a state uses to receive and send out collected child support payments to custodial parents or a state. A state payment processing center or centralized disbursement unit tracks payments and disburses child support funds (typically to a debit card).
<b>Distribution</b>	The allocation of child support payments under a set of ordering rules that determine how child support payments are divided among multiple families and between families and the state.
<b>DRA distribution</b>	The Deficit Reduction Act of 2005 eliminated the federal tax offset exception to family-first distribution rules. DRA distribution means that federal tax offsets are distributed like any other collection – first to current support in every case, then to arrears. In former assistance cases, payment of family arrears is prioritized over state debt. States must elect either DRA



TABLE 1

## Glossary of Key Terms for Child Support Assignment and Distribution

Key Term	Definition
	distribution or PRWORA distribution in their IV-D state plans.
<b>Family-first distribution</b>	A term applied to payment ordering rules for collections in former TANF assistance cases established under PRWORA. Family-first distribution rules prioritize family claims before state claims to a payment, specifically by distributing support first to current support paid to families and then to arrears owed to families before paying state debt.
<b>Federal tax offset</b>	A method of collecting child support whereby the IRS deducts or offsets child support arrears from federal tax refunds owed to non-custodial parents, including the Earned Income Tax Credit. Sometimes, an offset is called an “intercept.” Federal tax offsets are prioritized over other non-tax debts under the Internal Revenue Code and are treated as an exception to family-first distribution rules. A significant portion of arrears are collected through federal tax offsets.
<b>Former assistance case</b>	The child support case of a family or child who sometime in the past received (1) assistance under the state program funded under Part A; and (2) foster care maintenance payments under the state plan approved under part E of the Social Security Act.
<b>Income withholding, wage withholding, or payroll withholding</b>	Recurring child support deductions from wages or other regular income payments. Income withholding is the primary way child support is collected. Income withholding is different from garnishment. “Income withholding” applies automatically, like payroll tax deductions, and is required by 42 U.S.C. §666(b). “Garnishment” is a state legal remedy to withhold arrears from income.
<b>Never assistance case</b>	The child support case of a family who has not received cash assistance or assigned support to reimburse assistance under the state program funded under part A or foster care maintenance payments under part E of the Social Security Act. Unless a family has a current or former assistance case, child support must be distributed to the family and may not be retained by a state.
<b>Non-custodial parent</b>	A parent who lives apart from their children or does not have primary physical custody of them. A non-custodial parent is legally required to pay a monthly payment of child support to the custodial parent under a child

TABLE 1

## Glossary of Key Terms for Child Support Assignment and Distribution

Key Term	Definition
	support order. In the child support context, a non-custodial parent is sometimes referred to as an obligor, non-resident parent, parent who pays child support, or paying parent.
<b>Pass-through</b>	An assigned support collection (either current support or arrears) in a current or former assistance case that a state elects to pay to the family rather than retain to reimburse assistance. Assigned support passed through to the family reduces the unreimbursed assistance balance.
<b>PRWORA distribution</b>	The Personal Responsibility and Work Opportunity Reconciliation Act created a federal tax offset exception to family-first distribution rules. Under the exception, collections made through a federal tax offset are only distributed to arrears and not distributed to current support. In addition, payment of state debt with federal tax offset collections has priority in both current and former TANF assistance cases.
<b>Retained collections</b>	Assigned support payments held back by states to reimburse cash assistance paid to families through the TANF or IV-E-funded foster care program pursuant to state distribution and pass-through policies authorized by 42 U.S.C. § 657.
<b>Unreimbursed assistance (URA)</b>	The cumulative amount of cash assistance paid to a family for all months that has not been repaid by assigned support collections. The amount of cash assistance paid to a family that a state may recover through the IV-D program is limited by the assigned support obligation.

Sources: Office of Child Support Enforcement, “Glossary of Common Child Support Terms,” 2013; “Instructions for the Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act, OCSE-AT-07-05, July 11, 2007; “Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act, OCSE-AT-97-17, November 26, 1997.

<sup>1</sup> Vicki Turetsky is an independent consultant and former Commissioner of the Office of Child Support Services (OCSS) during the Obama Administration.

<sup>2</sup> In order to receive child support, a child must have a parent who lives in a separate household. A “custodial parent” lives with the child most of the time and typically has the primary responsibility for the daily care. The “non-custodial parent” lives apart from the child and is responsible for paying child support to the custodial parent to help pay for the cost of raising the child. Custodial and non-custodial parents often share legal and/or physical custody and caregiving responsibilities, and some states have replaced these terms with “paying parent” and “receiving parent” or similar terms.

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Child support orders are based on the income of both parents in most states, and financial support is considered a shared responsibility. Both custodial and non-custodial parents are eligible for child support services. 42 U.S.C. § 654(4).

<sup>3</sup> Gina Azito Thompson, Diana Azevedo-McCaffrey, and Da'Shon Carr, "Increases in TANF Cash Benefit Levels Are Critical to Help Families Meet Rising Costs," CBPP, February 2, 2023, <https://www.cbpp.org/research/income-security/increases-in-tanf-cash-benefit-levels-are-critical-to-help-families-meet-0>.

<sup>4</sup> In addition to the cost recovery process, there are other aspects of the child support program that impact TANF recipients' experiences. These include the TANF requirement for them to participate in and cooperate with the child program, which is both a mechanism to facilitate TANF cost recovery and a policy to require TANF recipients to maximize their personal income (similar to work participation requirements). In addition, there are several policies that influence a non-custodial parent's experience with the child support program, which can directly impact regularity of child support payments, employment, and family relationships, including unrealistically high support orders, the accumulation of unmanageable child support debt, and debt-driven enforcement mechanisms, particularly incarceration and driver's license suspension. See Vicki Turetsky, "An Evidence-Based Approach to Child Support" toolkit, Ascend at the Aspen Institute and Good+Foundation, February 2023, <https://ascend.aspeninstitute.org/an-evidence-based-approach-to-child-support/>.

<sup>5</sup> Elaine Sorensen, "Child Support is a Good Investment," Office of Child Support Enforcement, December 2016, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn\\_csp\\_is\\_a\\_good\\_investment.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn_csp_is_a_good_investment.pdf).

<sup>6</sup> Vicki Turetsky, "Ensuring Families Receive All Child Support Payments," An Evidence-Based Approach to Child Support toolkit, Ascend at the Aspen Institute and Good+Foundation, February 2023, <https://ascend-resources.aspeninstitute.org/resources/child-support-policy-fact-sheet-paying-support-to-families/>.

<sup>7</sup> The federal Office of Child Support Enforcement has placed a priority of obtaining consistent support payments for families across several administrations. This emphasis on developing regular, on-time payments represents a shift away from the focus on collecting child support debt contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). 81 FR 93492, "Flexibility, Modernization in Child Support Enforcement Programs," 93492, December 20, 2016 (final rules); Office of Child Support Enforcement, "National Child Support Strategic Plan for 2015-2019," [https://www.acf.hhs.gov/sites/default/files/documents/ocse/national\\_child\\_support\\_strategic\\_plan\\_2015\\_2019.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/national_child_support_strategic_plan_2015_2019.pdf); Office of Child Support Enforcement, "National Child Support Enforcement Strategic Plan FY 2005-2009," <https://www.acf.hhs.gov/archive/css/training-technical-assistance/national-child-support-enforcement-strategic-plan-fy2005>.

<sup>8</sup> Elizabeth Peters *et al.*, "Legislating Love: The Effect of Child Support and Welfare Policies on Father-child Contact," *Review of Economics of the Household*, Vol. 2, September 2004, <https://doi.org/10.1007/s11150-004-5647-5>; Virginia Knox, "The Effects of Child Support Payments on Development Outcomes for Elementary School-Age Children," *Journal of Human Resources*, Vol. 31, No. 4, 1996, <https://doi.org/10.2307/146148>; Gerry L. White, Leon Banks, and Harold E. Briggs, "The Effects of Child Support Payment Factors on Satisfaction With Levels of Parental Involvement by Noncustodial Fathers," *Research on Social Work Practice*, Vol. 31, No. 8, April 26, 2021, <https://doi.org/10.1177/10497315211004744>.

<sup>9</sup> 42 U.S.C. §§ 608(a)(2); 42 U.S.C. § 654(29).

<sup>10</sup> There are good cause and other exemptions defined by states, such as in the case of domestic violence. Depending on the state, good cause waivers may be granted by both the TANF and child support agencies. 42 U.S.C. § 654(29)(A); 45 C.F.R. §§ 260.51. A child support case referred by the TANF agency to the child support agency also may be closed when there is a risk of harm, or the case was inappropriately referred. 45 C.F.R. § 303.11(b)(6)(iii), (14) and (20). However, these waivers are often difficult for families to obtain. Office of Child Support Enforcement, "Domestic Violence Resources, Training, and Collaboration," OCSE-IM-22-04, October 28, 2022, <https://www.acf.hhs.gov/css/policy-guidance/domestic-violence-resources-training-and-collaboration>; Office of Child Support Enforcement, "Model Procedures for Domestic Violence Cases," OCSE-IM-19-06, August 21, 2019, <https://www.acf.hhs.gov/css/policy-guidance/model-procedures-domestic-violence-cases>. For a more detailed explanation of TANF and child support good cause waiver provisions, see Susan Notar and Vicki Turetsky, "Models for Safe Child Support Enforcement," *Journal of Gender, Social Policy & the Law*, Vol. 8:3, pp. 657-716, 2000, <https://digitalcommons.wcl.american.edu/cgi/viewcontent.cgi?article=1144&context=jgspl>.

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<sup>11</sup> 42 U.S.C. § 608(a)(3).

<sup>12</sup> This brief focuses on TANF cost recovery. However, separate cost recovery policies also apply to Medicaid and IV-E-funded foster care maintenance payments. Federal law requires child support cooperation by custodial parents receiving TANF, IV-E-funded foster care maintenance payments, and Medicaid, and allows states to require cooperation by custodial parents receiving SNAP. 42 U.S.C. §§ 608(a)(2); 654(29); 671(a) 42 C.F.R. § 433.147; 42 U.S.C. § 671(a)(17); Children’s Bureau, “Child Welfare Policy Manual,” 8.4C; OCSE-IM-14-01, 42 C.F.R. § 433.147. Child support paid on behalf of children receiving IV-E-funded foster care maintenance payments is subject to assignment in “appropriate” cases. 42 U.S.C. § 671(a)(17). However, child support assignment to reimburse Medicaid costs is limited to medical support payments designated in a support order and does not apply to regular child support payments. 42 C.F.R. § 433.145; 45 C.F.R. §§ 302.50(e); 303.31.

<sup>13</sup> Rakesh Kochhar, “The Enduring Grip of the Gender Pay Gap,” Pew Research Center, March 1, 2023, <https://www.pewresearch.org/social-trends/2023/03/01/the-enduring-grip-of-the-gender-pay-gap/>; Marina Zhavoronkova, Rose Khattar, Mathew Brady, “Occupational Segregation in America,” Center for American Progress, March 29, 2022, <https://www.americanprogress.org/article/occupational-segregation-in-america/>.

<sup>14</sup> Until Congress established the national child support program under title IV-D, child support was considered a private family law matter, except for cost recovery legal actions pursued by the county attorney against the non-custodial parents of children receiving AFDC. Generally, child support was resolved as part of a divorce proceeding. At that time, most states did not have child support guidelines for establishing orders that were consistent across cases, were predictably based on the ability of a non-custodial father to pay the obligation amount, and provided for ongoing payment obligations. Non-custodial fathers of children receiving AFDC often received higher obligation amounts than better-off non-custodial fathers, who were sometimes ordered to repay AFDC benefits in full. Moderate- and high-income non-custodial fathers sometimes offered a one-time lump sum financial settlement in lieu of monthly child support payments required through the child’s minority. Once a support obligation was established, the financial burden to pursue enforcement proceedings fell to the custodial parent, while effective enforcement mechanisms were lacking. For children born to unmarried parents, the procedures for establishing a legal father were a cumbersome and costly first step in obtaining a child support order, with some states requiring jury trials to establish paternity. See Irwin Garfinkel, Daniel R. Meyer, and Sara S. McLanahan, “A Brief History of Child Support Policies in the United States,” 14-30 in Irwin Garfinkel, Sara S. McLanahan, Daniel R. Meyer, and Judith A. Seltzer, eds., *Fathers Under Fire: The Revolution in Child Support Enforcement*, New York, NY: Russell Sage Foundation, 1998.

<sup>15</sup> Carmen Solomon-Fears, “The Child Support Enforcement Program: A Legislative History,” Congressional Research Service, 2016, <https://crsreports.congress.gov/product/pdf/R/R44423/4>; Nan D. Hunter, “Child Support Law and Policy: The Systematic Imposition of Costs on Women,” Georgetown University Law Center, 1983, <https://core.ac.uk/download/pdf/70375619.pdf>; S. Rep. No. 93-1356, 42-44, December 14, 1974 (conference report accompanying H.R. 17045, the Social Services Amendments of 1974, P.L. 93-247), <https://www.fordlibrarymuseum.gov/library/document/0055/12006489.pdf>; M.P. Winston and T. Forsher, “Nonsupport of Legitimate Children by Affluent Fathers as a Cause of Poverty and Welfare Dependence,” RAND Corp., 1974, <https://www.rand.org/pubs/papers/P4665-1.html>.

<sup>16</sup> William P. Quigley, “The Quicksands of The Poor Law: Poor Relief Legislation in a Growing Nation, 1970-1920,” *Northern Illinois University Law Review*, Vol. 18, No. 1, 1997, <https://huskiecommons.lib.niu.edu/cgi/viewcontent.cgi?article=1468&context=niulr>.

<sup>17</sup> Daniel L. Hatcher, “Child Support Harming Children: Subordinating the Best Interests of Children to the Fiscal Interests of the State,” *Wake Forest Law Review*, Vol. 42, pp. 1029-1086, <https://deliverypdf.ssrn.com/delivery.php?ID=458117106069068080116099085104080118051053051021058043068126072104101115011076093102036054032126054012052114026027095101078013038007053017081068020113012029092076059059048092110101004005107084028070114095121124085070021103127120121112100078066121003&EXT=pd&INDEX=TRUE>; Larry Cata Backer, “Medieval Poor Law in Twentieth Century America: Looking Back Towards a General Theory of Modern American Poor Relief,” *Case Western Reserve Law Review*, Vol. 44(3), 1994, <https://scholarlycommons.law.case.edu/cgi/viewcontent.cgi?article=2675&context=caselrev>; David C. Baldus, “Welfare as a Loan: An Empirical Study of the Recovery of Public Assistance Payments in the United States,” *Stanford Law Review*, Vol. 25(2), pp. 123-250 (1973), <https://www.jstor.org/stable/1227967>; Thomas A. Wadden, Jr., “Note: Criminal Law—North Carolina Bastardy Statute—Support of Illegitimate Children,” *North Carolina Law Review*, Vol. 26(3), pp. 305-309; 1948,

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<https://scholarship.law.unc.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=5562&context=nclr>; W. Logan MacCoy, Law of Pennsylvania Relating to Illegitimacy, *Journal of Criminal Law and Criminology*, Vol. 7(4), 1917, <https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1473&context=jclc>; W.R. Vance, “The Parent’s Liability for Necessaries Furnished for His Minor Child,” *Virginia Law Register*, Vol. VI(9), 1901, <https://www.jstor.org/stable/1098948>.

<sup>18</sup> Under common law, fathers had the duty to support their children, although private child support payment laws did not come into general effect until the late nineteenth century. Third-party creditors, including counties, providing “necessaries” to children and their mothers could sue fathers for reimbursement. In the 19th century, counties established poor houses and county work farms as a form of poor relief. Indigent adults and children born to unmarried parents who were committed to the county’s custody could be “bound out” for their labor. For a discussion of the racialized application of bastardy laws, see Kaaryn Gustafson, “On the History and Impact of Bastardy Laws” (podcast), Irvine School of Law, University of California, <https://www.law.uci.edu/podcast/episode4.html>.

<sup>19</sup> In 1980, states were authorized to receive federal funding to provide child support services to custodial families who did not receive AFDC. In 1984, states were required to provide equal services to non-AFDC families. Congressional Research Service, *The Child Support Enforcement Program: A Legislative History*, 2016, [https://www.everycrsreport.com/files/20160321\\_R44423\\_7c7c042b8038f53dcc732fb77538a7924e1cfe14.pdf](https://www.everycrsreport.com/files/20160321_R44423_7c7c042b8038f53dcc732fb77538a7924e1cfe14.pdf); Committee On Ways And Means, United States House of Representatives, “Child Support Enforcement Legislative History,” 2012, <https://greenbook-waysandmeans.house.gov/2012-green-book/child-support-enforcement-cover-page/legislative-history>.

<sup>20</sup> Custodial parents are not required to participate in the child support program once they stop receiving TANF assistance. However, they may continue receiving services without filing an application or paying fees. Even if they decide to terminate child support services, the support owed during the assistance period remains permanently assigned to the state, and an “arrear-only” case remains open until the state has collected assigned arrears, writes off the assigned debt, or closes the case under limited case closure rules. 42 U.S.C. §§ 654(6)(B); 45 C.F.R. § 302.33(a); 303.11.

<sup>21</sup> According to 2018 Current Population Survey-Child Support Supplement data (CPS-CSS) conducted by the U.S. Census Bureau, 62 percent of custodial parents participate in the program, while 38 percent do not. Elaine Sorensen, “Characteristics of Custodial Parents and Their Children,” Office of Child Support Enforcement, 2021, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/characteristics\\_cps\\_and\\_their\\_children.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/characteristics_cps_and_their_children.pdf).

<sup>22</sup> According to 2018 CPS-CSS data, 61 percent of children in custodial families receiving child support services have incomes below 200 percent of the federal poverty level, compared to 23 percent of children in custodial families receiving child support services with incomes at or above 300 percent of the poverty level. Among children in custodial families who are eligible for child support services but are not receiving them, 49 percent have incomes below 200 percent of poverty, compared to 35 percent with incomes at or above 300 percent of the poverty level. Sorensen, 2021, op. cit.

<sup>23</sup> 45 C.F.R. §§ 303.8; 302.33(a)(6).

<sup>24</sup> 45 C.F.R. § 303.56(c). See Vicki Turetsky, “Setting Realistic and Accurate Child Support Orders,” An Evidence-Based Approach to Child Support toolkit, Ascend at the Aspen Institute and Good+Foundation, February 2023, <https://ascend-resources.aspeninstitute.org/resources/setting-realistic-and-accurate-child-support-orders/>.

<sup>25</sup> Office of Child Support Enforcement, “Preliminary Report FY 2022,” Table P-89, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf).

<sup>26</sup> Daniel R. Meyer and Quentin H. Riser, “Slowing the ‘vicious cycle’: Reducing the interest rate on child support arrears,” *Children and Youth Services Review*, Vol. 144, January 2023, <https://www.sciencedirect.com/science/article/pii/S0190740922003486>; Jessica Pearson and Rachel Wildfeuer, “Policies and Programs Affecting Fathers: A State-by-State Report,” Fatherhood Research & Practice Network, 2022, <https://www.frpn.org/asset/policies-and-programs-affecting-fathers-state-state-report-combined-pdf>.

<sup>27</sup> 42 U.S.C. § 654(6); 45 C.F.R. § 302.33 (c), (d), and (e).

<sup>28</sup> Because states do not owe a federal share on assigned support until it is collected, they do not incur a financial obligation to the federal government if they write off uncollected state debt. Office of Child Support Enforcement, “Family and State Benefits of Debt Compromise,” OCSE-IM-22-03, August 18, 2022,

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<https://www.acf.hhs.gov/css/policy-guidance/family-and-state-benefits-debt-compromise>; Office of Child Support Enforcement, “State Program Flexibility with Respect to Low-Income Obligor,” OCSE-AT-03, September 14, 2000. For information on state child support debt reduction policies, see Vicki Turetsky, “Implementing Sensible Debt Reduction Strategies,” An Evidence-Based Approach to Child Support toolkit, Ascend at Aspen Institute and Good+Foundation, Rev. Feb. 2023, <https://ascend.aspeninstitute.org/an-evidence-based-approach-to-child-support/>; Office of State Child Support Enforcement, “State Child Support Agencies with Debt Compromise Policies” (undated) (state-by-state), <https://www.acf.hhs.gov/css/map/state-child-support-agencies-debt-compromise-policies>; Office of Child Support Enforcement, “State Program Flexibility with Respect to Low-Income Obligor,” OCSE-AT-03, September 14, 2000.

<sup>29</sup> 42 U.S.C. § 664; 666; 45 C.F.R. § 302.60. Federal law exempts SSI, and many state exempt certain means-tested benefits. 45 C.F.R. § 307.11.

<sup>30</sup> 42 U.S.C. § 666(a)(1) and (b).

<sup>31</sup> 42 U.S.C. § 666(b).

<sup>32</sup> 42 U.S.C. §§ 654; 666(a).

<sup>33</sup> 42 U.S.C. § 654B.

<sup>34</sup> 42 U.S.C. §657(c). Like Medicaid, AFDC was funded through federal matching funds based on the state’s FMAP rate. Even though TANF is funded through a federal block grant, rather than matching funds based on the FMAP, the child support program continues to use the FMAP to calculate the federal share of assigned child support.

<sup>35</sup> Normally, states overall keep 44 percent and the federal government receives 56 percent of collections retained as assistance reimbursement, although each state’s FMAP varies. However, in federal fiscal year 2022, states overall kept 37 percent and the federal government received 63 percent of assistance reimbursement. Office of Child Support Enforcement, “Preliminary Data Report FY 2022,” Tables P-1, P-14, and P-15. This is because Congress temporarily increased the FMAP in response to the COVID-19 pandemic as part of the Families First Coronavirus Response Act (FFCRA), P.L. No. 116-127 (signed into law on March 31, 2020), as amended by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), P.L. 116-136 (signed into law on March 27, 2020). Enhanced rates apply to the federal share of retained support collected between 2020 and 2023, meaning that states are required to send back a higher percentage of retained collections to the federal government during this period. An enhanced FMAP was in effect in 2020, 2021, and 2022, with the rate gradually decreasing during 2023 and ending on Jan. 1, 2024 (so that a higher FMAP will apply the first quarter of federal fiscal year 2024 and the regular rate will apply for the remaining three quarters). In 2022, 31 states, including the District of Columbia, had rates at or above 70 percent because the FFCRA enhanced rates were in effect. In federal fiscal year 2024, states with a regular FMAP at or above 70 percent include Alabama, Arkansas, Kentucky, Mississippi, New Mexico, and West Virginia. Additional states will have an adjusted FMAP at or above 70 percent in 2024 because the first quarter of 2024 will be calculated at a higher rate. U.S. Department of Health and Human Services, “Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children’s Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2023 Through September 30, 2024,” 87 FR 74429, December 5, 2022, <https://www.federalregister.gov/documents/2022/12/05/2022-26390/federal-financial-participation-in-state-assistance-expenditures-federal-matching-shares-for>; U.S. Department of Health and Human Services, “Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children’s Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2021 Through September 30, 2022,” 85 FR 76586, November 30, 2020, <https://www.federalregister.gov/documents/2020/11/30/2020-26387/federal-financial-participation-in-state-assistance-expenditures-federal-matching-shares-for>; OCSS, [Frequently Asked Questions For Child Support Programs \(as of Feb. 10, 2021\)](https://www.acf.hhs.gov/css/covid-19-faqs-child-support-programs), <https://www.acf.hhs.gov/css/covid-19-faqs-child-support-programs>.

<sup>36</sup> States also distribute support payments among multiple families of a non-custodial parent. See, e.g., Maria Cancian, Daniel R. Meyer, and Steven Cook, Changes in the Incidence of Complex Families and the Implications for Child Support Orders, Institute for Research on Poverty, University of Wisconsin-Madison, 2017 and earlier related studies, <https://www.irp.wisc.edu/resource/changes-in-the-incidence-of-complex-families-and-the-implications-for-child-support-orders/>.

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<sup>37</sup> Assignment is a TANF eligibility requirement under title IV-A. 42 U.S.C. § 608(a)(3).

<sup>38</sup> Federal law does not authorize the use of the IV-D funded child support program resources to reimburse SNAP, child care, or other public assistance benefits, including state-funded cash assistance, except for TANF, IV-E-funded Foster Care Maintenance Payments, and Medicaid. 45 C.F.R. § 302.38; Office of Family Assistance and Office of Child Support Enforcement, “Questions and Responses on Coordination Between the TANF and the Child Support Enforcement Program,” TANF-ACF-ACF-PI-2007-02 and OCSE-AT-2007-02, May 18, 2007, <https://www.acf.hhs.gov/css/policy-guidance/coordination-between-tanf-and-cse-programs-deficit-reduction-act-2005>; Office of Child Support Enforcement, “Referrals, Location, Applications, and Electronic Interface Between Child Welfare and Child Support,” OCSE-IM-07-06, September 10, 2007, <https://www.acf.hhs.gov/css/policy-guidance/referrals-location-applications-and-electronic-interface-between-child-welfare>.

<sup>39</sup> During-assistance assignments are considered “permanent,” that is, state claims to support owed during the assistance period remain in effect after families leave TANF. Before PRWORA, pre-assistance assignments were also permanent. PRWORA limited the legal effect of pre-assistance assignments, making them “temporary” during the assistance period and “conditional” after the assistance period. As long as families were receiving TANF, states could keep support collections owed both before and during the assistance period. However, once families left TANF, the right to keep support owed before the assistance period reverted to the families, with one condition. The condition was that states could claim pre-assistance support collected through federal tax offsets. The DRA prospectively eliminated pre-assistance assignments altogether, eliminating “temporary” and “conditional” assignments. This means that under existing law, states may only claim support owed during the assistance period except in those older cases with pre-assistance assignments entered into before the DRA was enacted. For example, although this situation is not typical, if a family stopped receiving TANF but later reapplied for assistance, the support owed between the two assistance periods was treated as pre-assistance support and was covered by the new “pre-assistance” assignment. Even if the family had been receiving child support during the interim, the right to the support temporarily reverted to the state during the second assistance period and remained “conditionally” assigned, so that even after the second assistance period ended, a state could retain support collected through a federal tax offset.

For a more detailed explanation of PRWORA rules, see Vicki Turetsky, “In Everybody’s Best Interests: Why Reforming Child Support Distribution Makes Sense for Government and Families,” Center for Law and Social Policy (CLASP), 2005, <https://www.clasp.org/wp-content/uploads/2022/01/0241.pdf>. For a description of DRA rules, see Paul Legler and Vicki Turetsky, “More Child Support Dollars to Kids: Using New Flexibility in Child Support Pass-Through and Distribution Rules to Benefit Government and Families,” CLASP and Policy Studies, Inc., 2006, <https://www.clasp.org/publications/report/brief/more-child-support-dollars-kids-using-new-state-flexibility-child-support/>.

<sup>40</sup> For example, a non-custodial parent might owe \$5,000 in arrears at the time the custodial parent applies for TANF. Before the DRA, the custodial parent was required to assign all rights to support, including the \$5,000 in arrears owed before the assistance period (called “pre-assistance assignment”) and the \$2,000 in additional support owed during the assistance period (called “during-assistance assignment”). If the custodial family then received \$4,000 in TANF payments, the state could retain up to \$4,000, including \$2,000 in support due during the assistance period plus \$2,000 in support owed before the assistance period. Although the non-custodial parent owed \$7,000 in assigned pre-assistance and during-assistance arrears, the state can only keep up to the amount of assistance paid out, or \$4,000.

<sup>41</sup> The DRA also provided states with an option to implement the changed assignment rules a year early, on October 1, 2008.

<sup>42</sup> 42 U.S.C. § 657(b)(1) and (2); Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>. <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

<sup>43</sup> Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

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<sup>44</sup> Office of Child Support Enforcement, “Definition of ‘Assistance Paid to the Family’ for Child Support Enforcement Collection Purposes,” OCSE-AT-99-10, September 15, 1999, <https://www.acf.hhs.gov/css/policy-guidance/definition-assistance-paid-family-child-support-enforcement-collection-purposes>; Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

<sup>45</sup> At the end of the assistance period, the URA balance is reconciled with the cumulative amount of child support retained by the state to determine whether any remaining support is due to the family. While the amounts of assistance paid to families and the amounts of child support kept by states to reimburse assistance are separately accounted for, the balances are reconciled only after a custodial family leaves TANF, rather than reconciled month by month, as was the case in AFDC. 42 U.S.C. § 608(a)(3); Office of Child Support Enforcement, “Definition of ‘Assistance Paid to the Family’ for Child Support Enforcement Collection Purposes,” OCSE-AT-99-10, September 15, 1999, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-definition-assistance-paid-family>); Office of Child Support Enforcement, “Instructions for the Distribution of Child Support, Definition of Assistance Paid to the Family,” OCSE-AT-98-24, August 19, 1998, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-definition-assistance-paid-family>; Office of Child Support Enforcement, “Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act,” OCSE-AT-97-17, October 21, 1997, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-under-section-457-social-security-act>.

<sup>46</sup> Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>; Office of Child Support Enforcement, “Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act,” OCSE-AT-97-17, October 21, 1997, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-under-section-457-social-security-act>.

<sup>47</sup> Distribution rules are included in title IV-D of the Social Security Act. 42 U.S.C. § 657 determines whether a collection will be applied to the state or family claims. Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

<sup>48</sup> Separate distribution issues are raised in allocating support when the non-custodial parent has more than one support order, which are not discussed in this paper.

<sup>49</sup> 42 U.S.C. § 654(34); Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

<sup>50</sup> 42 U.S.C. § 657(a); Office of Child Support Enforcement, “Instructions for the Distribution of Child Support, Definition of Assistance Paid to the Family,” OCSE-AT-98-24, August 19, 1998, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-definition-assistance-paid-family> (Definition of Assistance Paid to the Family was superseded by “Definition of ‘Assistance Period to the Family’ for Child Support Enforcement Collection Purposes, OCSE-AT-99-10, September 15, 1999, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-definition-assistance-paid-family>); Office of Child Support Enforcement, “Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act,” OCSE-AT-97-17, October 21, 1997, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-under-section-457-social-security-act>.

<sup>51</sup> The PRWORA tax offset exception originally codified in 42 U.S.C. § 657(a) was superseded by the language in the DRA, which eliminated the exception but allowed states to elect continuing PRWORA distribution rules. The only statutory reference to PRWORA distribution is 42 U.S.C. § 654(34), the state plan election provision.

<sup>52</sup> 42 U.S.C. § 654(34).



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<sup>53</sup> Alaska, California, Maryland, New Mexico, Pennsylvania, Vermont, West Virginia, Wyoming, and Puerto Rico have adopted DRA distribution while the remaining states and Washington D.C. have PRWORA distribution.

<sup>54</sup> 42 U.S.C. § 657(a)(1). States reported that they passed through 16 percent of current assistance collections in fiscal year 2022. In addition, states collect “excess payments” during the TANF assistance period, which states are not allowed to keep. Excess payments represent an additional 17 percent of current assistance collections. These excess payments are distributed to families receiving TANF and counted as income in the TANF program, or used to meet the day-to-day needs of children receiving IV-E funded foster care maintenance payments (rather than used as reimbursement.)

<sup>55</sup> Office of Child Support Enforcement, “Preliminary Report FY 2022,” Tables P-1, P-4, P-7, <https://www.acf.hhs.gov/css/policy-guidance/fy-2022-preliminary-data-report-and-tables>.

<sup>56</sup> 42 U.S.C. § 657(a)(6)(B)(i)(III); Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

<sup>57</sup> Office of Child Support Enforcement, Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act (October 21, 1997), OCSE-AT-97-17, July 11, 2007.

<sup>58</sup> Office of Child Support Enforcement, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” OCSE-AT-07-05, July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>. Each year, states are required to meet a maintenance-of-effort obligation under the TANF block grant or face a fiscal penalty. (The statute refers to this spending as “qualified state expenditures” but common usage is “state MOE.”) Each state’s MOE amount is based on its historical spending, defined as its 1994 financial contribution to AFDC and related work programs. To meet its MOE obligation, a state must report spending at least 80 percent of this historical spending level; this minimum share falls to 75 percent for any year in which a state meets its TANF work participation rate requirement; Aditi Shrivastava, “Policy Brief: To Strengthen Economic Security and Advance Equity, States Should Invest More TANF Dollars in Basic Assistance,” CBPP, March 8, 2023, <https://www.cbpp.org/research/income-security/to-strengthen-economic-security-and-advance-equity-states-should-invest>.

<sup>59</sup> Delaware, Georgia, Maine, South Carolina, and Tennessee elected to carry over fill-the-gap budgeting into their TANF programs that was in effect before PRWORA under a grandfather clause contained in 42 U.S.C. § 657(d). Additional states may not adopt fill-the-gap distribution in current assistance cases. In fill-the-gap budgeting, states set a TANF standard of need but a lower TANF benefit payment level. The state then fills the resulting “gap” between need and payment levels with child support or other income such as earnings. In fill-the-gap states, child support is distributed, rather than passed through, to families currently receiving TANF. In addition, two states (Delaware and Maine) pass through up to an additional \$50 per month to TANF families. Office of Child Support Enforcement, Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act, July 11, 2007, OCSE-AT-97-17, <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-under-section-457-social-security-act>.

<sup>60</sup> Although custodial families who participate in Medicaid are required to assign to the state medical support paid under a separately designated medical support order, Medicaid families may choose to collect regular cash child support payments through the child support program, and the collected child support is paid to the families and not assigned to the state. In 2022, states collected and distributed \$9.4 billion in regular cash support to families receiving Medicaid. States also collected \$648 million in designated medical support, some of which was distributed to families to pay for children’s health care needs, and some of which was distributed to the Medicaid program as reimbursement. Office of Child Support Enforcement, “Preliminary Report FY 2022,” Table P-2, P-52, P-55, P-56, and P-57, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf).

<sup>61</sup> Office of Child Support Enforcement, “Preliminary Report FY 2022,” Table P-2, P-52, P-55, P-56, and P-57, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf).

<sup>62</sup> Sixty-eight percent of total program collections were made on behalf of families who never received assistance, while 30 percent were made on behalf of families who formerly received assistance; just 2 percent were made on behalf of

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families currently receiving assistance. Office of Child Support Enforcement, “Preliminary Data Report FY 2022,” Tables P-1, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf).

<sup>63</sup> The child support program collected \$27.4 billion in fiscal year 2022. 70 percent, or \$19.2 billion, were paid to families who never received assistance. (More than half of these never-assistance collections were paid to families receiving Medicaid, but not cash assistance.) The program collected \$616 million on behalf of current assistance families and \$7.6 billion on behalf of former assistance families. Office of Child Support Enforcement, “Preliminary Data Report FY 2022,” Tables P-1, P-4, P-6, P-7, P-8, and P-9, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf); In addition, nearly all collections not kept to reimburse assistance are paid to families or foster care agencies and used for the day-to-day needs of the children for whom the support was collected. In current assistance cases, 65.6 percent of collections are kept as assistance reimbursement, 17.3 percent are distributed to families or foster care agencies and used for children’s needs, 15.6 percent are passed through to families, and 1.5 percent are medical support collections. In former assistance cases, 8.8 percent are kept as assistance reimbursement, 89.2 percent are distributed to families or foster care agencies and used for children’s needs, 0.1 percent are passed through to families, and 1.9 percent are medical support collections. Most medical support collections are distributed to families, but some are kept to reimburse Medicaid costs. A negligible amount of collections in current and former IV-E foster care cases are kept as fees. Office of Child Support Enforcement, Preliminary Data Report FY 2022, table P-1, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf).

<sup>64</sup> Office of Child Support Enforcement, “Preliminary Data Report FY 2022,” Table P-1, P-2, P-52, P-55, P-56, and P-57, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2022\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2022_preliminary_report.pdf).

<sup>65</sup> Fiscal years 2020 and 2021 were atypical collection years. Collections increased substantially due to IRS tax offsets of the first round of COVID-19 individual economic recovery payments included in the CARES Act. Subsequent payments were exempted from child support tax offsets by the American Rescue Plan Act of 2021 (ARPA), P.L. 117-2 (signed into law on March 11, 2021).

<sup>66</sup> Shrivastava, *op. cit.*

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October 8, 2024

## Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive

By Vicki Turetsky<sup>1</sup> and Diana Azevedo-McCaffrey

The modern child support program is a family support program that aims to get more cash to families; the program put more than \$25 billion directly into the pockets of families in 2023.<sup>2</sup> Children living in custodial families<sup>3</sup> that participate in the program are significantly more likely to receive child support payments than those that do not.<sup>4</sup> Receiving child support income is associated with positive benefits for children, including increased income, increased parental involvement, and better child developmental outcomes.<sup>5</sup>

But child support does not benefit children and help them thrive when it is kept by governments rather than paid to families. Despite the importance of income support for families living in and near poverty, nearly half of the families participating in the child support program do not receive all the child support payments made on their behalf. In 2023, state and federal governments kept \$896 million in child support payments, often meant for children in families with the lowest incomes, to reimburse the state for cash assistance it provided to the family through the Temporary Assistance for Needy Families (TANF) program.<sup>6</sup>

**\$896 million**

Total child support payments that state and federal governments kept in 2023 rather than passed on to the custodial families that they were intended for.

There's broad consensus among researchers, policy analysts, advocates, and program administrators that Congress should require all child support to be paid to families, instead of used to reimburse the government for cash assistance provided.<sup>7</sup> While federal legislative improvements are needed to entirely eliminate the cost recovery features of the TANF and child support programs, states do not need to wait for Congress to take action. Using existing policy options, states have considerable flexibility to direct *all* child support to current and past TANF participants.

This is an opportune time for states to take action. As state TANF caseloads have continued to decline over the last several years, state revenues derived from TANF cost recovery efforts have also declined, and so improving the policy can be done for only a modest cost.<sup>8</sup> But the gain for families is real — increasing the amount of child support families receive can help families make ends meet and is one part of an equitable strategy for improving economic security, particularly for families of color.

This report highlights the benefits that accrue to children and parents when families receive child support and discusses why states should shift their child support program away from cost recovery and toward family support and well-being. (See Figure 1.) There are several different policy options in federal law that states may adopt, individually or in combination, to increase family payments and reduce or eliminate the cost recovery burden on families. The specific options are outlined in Appendix I. A chart of state-by-state distribution and pass-through policies is provided in Appendix II. An accompanying CBPP report, “Understanding TANF Cost Recovery in the Child Support Program,” describes the basics of TANF cost recovery and the specific rules governing child support assignment and distribution.<sup>9</sup>

FIGURE 1

## Why Receiving Child Support Matters

**Child support increases family income and improves financial stability.**



Children have basic needs that can only be met with cash, like housing costs, diapers, clothing, and school supplies. A consistent stream of child support income can also protect families from unexpected expenditures or income losses. Research shows that noncustodial parents pay more child support when support is passed through to children and disregarded when determining TANF assistance.

**Paying child support to families reduces the risks of child protective services (CPS) involvement.**



By directing more child support payments to the children they are intended for, states can increase family income and help parents provide their children with basic necessities leading to reduced reports of neglect to CPS.

**Receiving child support is linked to positive child development outcomes.**



Receiving child support can encourage and reinforce involvement by noncustodial parents in their children’s lives, which studies show can be linked to child development outcomes including positive educational outcomes and improved emotional well-being.

**Paying child support to families can address inequities for custodial and noncustodial parents.**



TANF cost recovery policies disproportionately impact Black and Latine parents struggling to make ends meet. Paying all child support to families helps address economic hardship and enables parents to meet their own needs and their children’s needs.

Source: CBPP, “Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive”

## Nearly Half of Families Receiving Child Support Services Lose out on Child Support Income

Almost two-thirds of all custodial families (62 percent) receive services funded under title IV-D of the Social Security Act — nearly 8 million custodial parents and 13 million children.<sup>10</sup> That is 16 percent of all children under age 21 in the country. And, importantly, more than 80 percent of custodial parents and their children with incomes below the federal poverty line receive services.<sup>11</sup>

More than half of the families participating in the child support program never received TANF but instead voluntarily applied for services, and these families receive all of their child support payments.<sup>12</sup> But the rules are different for the 46 percent of participating families that are current or former recipients of TANF assistance, a group that is disproportionately Black and Latine.<sup>13</sup> Thirty-eight percent of families participating in the child support program in 2023 previously received cash assistance; another 8 percent were currently receiving it.<sup>14</sup>

### 46 percent

Share of families participating in the child support program that are current or former TANF participants and thus subject to TANF cost recovery.

Through a mechanism known as TANF cost recovery, families receiving TANF are required to participate in the child support program and to sign over their legal rights to child support payments to the state to reimburse the state and federal governments for the cost of cash assistance.<sup>15</sup> The state holds back their child support payments as reimbursement for the assistance the family is receiving — or under some circumstances, received in the past.<sup>16</sup> The state then keeps a share of the child support it retains as state revenues (“state share”) and provides a share of the retained support to the federal government (“federal share”). Cost recovery means that too often states and the federal government, not children, benefit from child support payments paid on their behalf. By expecting families to repay cash assistance, these policies fail to recognize the difficult economic circumstances that forced them to turn to TANF in the first place.

Cost recovery efforts continue even after families leave TANF. After families leave TANF, they start receiving their current monthly support to pay for the day-to-day needs of the children and most past-due child support payments. However, states keep some support in former assistance cases — less than 10 percent of total collections for these families is retained, primarily from federal tax offsets — to repay arrears owed during the assistance period. Most child support dollars retained by states as revenue to reimburse cash assistance are collected *after* families leave TANF. This is because more families that formerly received TANF assistance are affected by the cost recovery policies than families currently receiving assistance.<sup>17</sup>

In 2023, 57 percent of the support kept by states to reimburse cash assistance was collected in former assistance cases, while 43 percent was collected in current assistance cases, even though the majority of support collected on behalf of families that received assistance in the past is not retained. (The data available includes collections from TANF cases and a small amount of IV-E foster care collections.)<sup>18</sup> The main reason total support retained is higher for former assistance cases than current assistance cases is that there are five times as many child support cases involving families that formerly received assistance as those involving families currently receiving assistance.<sup>19</sup> Also, states have more success collecting support in former assistance cases.<sup>20</sup>

Under federal law, when child support is collected for a family receiving TANF, the state generally must split that collected support with the federal government. However, if a state passes through up to \$100 for one child or \$200 for two or more children to the family, the federal government waives its share of the passed through amount if it is disregarded in determining TANF assistance. Although states have authority to pass through any amount of assigned support to current TANF families, the federal waiver is capped at \$100/\$200. However, the federal share on support passed through to former TANF families is fully waived, and states may pass through any amount of assigned support without owing a federal share.<sup>21</sup> No federal share is ever owed on support distributed to families, whether current or former TANF families. This is because the state does not have an assignment on distributed child support payments. (See “[Understanding TANF Cost Recovery in the Child Support Program](#)” for more on assignment and child support distribution policies).

## States Should Use Flexibility to Send All Child Support Payments to Families

During the past three decades, Congress has acted twice on a bipartisan basis to limit child support cost recovery and increase child support payments to families. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) began the shift away from cost recovery in former assistance cases.<sup>22</sup> The Deficit Reduction Act of 2005 (DRA) significantly narrowed the scope of child support assignment and gave states several options that can be combined to provide 100 percent of child support to all families (both those currently receiving assistance and those receiving assistance in the past).

**Most child support dollars retained by states to reimburse cash assistance are collected after families leave TANF.**

Although federal legislation is needed to completely end cost recovery,<sup>23</sup> states have authority, through a combination of federal options, to pay *all* collected support, including current support and arrears, to current *and* former TANF families. States interested in adopting policies that pay more support to families have a number of policy choices to consider and different pathways to expand payments over time. These include adopting “DRA distribution,” which gives custodial families, rather than the state, first priority for child support collected by the Internal Revenue Service (IRS) by intercepting the tax refunds of noncustodial parents; passing through both current monthly support and arrears collected to TANF families currently receiving TANF; passing through collected assigned arrears to former TANF families; and cancelling certain old assignments so support collected goes to families rather than being withheld by the state to offset long-ago received TANF assistance. (Note: “assignment” means the state has a legal claim to the support payments.) See Appendix I for details on the policy options available to states.

Some states are using a phased, multi-year approach to expand payments to families. In this way, states can move toward the goal of 100 percent family payments while reducing the near-term impact on the state budget.<sup>24</sup> A phased approach allows states to sequence implementation of family distribution and pass-through options to steadily expand child support payments to current and former TANF families. States like California, Illinois, Maryland, New Mexico, Pennsylvania, West Virginia, Wisconsin, and Wyoming have phased in multiple policy options to expand family payments. In addition, states such as Oregon are actively considering ways to further expand family payments.

For states considering a phased approach, a good place to start is to pass through *all current monthly support* collected for families receiving TANF and then not count (“disregard”) that child support as income so the family’s TANF benefits do not go down (see Appendix I, Option 1 for details). This option would directly help families currently facing significant economic insecurity, has modest costs, simplifies state administration, and is easy for the public and families to understand.

Because many noncustodial parents of children receiving TANF have low incomes and cannot afford to pay large amounts of current child support, states often collect less than \$200 in current support for families receiving TANF, which means the federal share of support would be fully waived in many cases. For example, Colorado Department of Human Services researchers determined that the state passed through \$167 per month on average under its policy of passing through all current support.<sup>25</sup>

While there is a cost to states to direct all child support to families — they give up their share of collections they would otherwise retain and, in cases where more than the \$100/\$200 limits are collected, the state must still pay the federal government a share of the collected support above the limits. But the cost is modest and has declined. State revenues derived from retaining the state share of assigned collections have fallen from \$927 million in 2004 to \$353 million in 2023,<sup>26</sup> so it is now less costly for states to adopt policies to redirect child support to families than in the past. Paying all child support to families has some cost savings as well, which are discussed below.<sup>27</sup>

## **Paying Child Support Collections to Families Improves Economic Security and Well-Being**

Families benefit in multiple ways when they receive their child support payments. The payments provide a valuable source of income, especially for the many custodial families with low incomes. Research, including a University of Wisconsin study using an experimental design, finds that noncustodial parents pay more child support when the child support payments are both passed through to families and disregarded when calculating TANF assistance benefits (so the child support income actually improves the custodial parent’s financial circumstances).<sup>28</sup> The Wisconsin study also finds that receiving child support payments helps parents meet their children’s basic needs, leading to reduced risk of Child Protective Services (CPS) involvement. In addition, studies link receipt of child support to increased noncustodial parent involvement in their children’s lives and positive developmental outcomes for children. By directing child support payments to families, states can support healthy dynamics and relationships between parents and other family members, which contribute to child and family well-being.

### **Redirecting Child Support Increases Families’ Financial Stability**

Most custodial families that participate in the child support program have incomes below or near the poverty line.<sup>29</sup> Thirty-three percent of children participating in the child support program in 2017 had family incomes below the federal poverty line, and 61 percent had family incomes below twice the poverty line.<sup>30</sup>

**61 percent**

Share of children participating in the child support program in families with incomes below twice the federal poverty line.

Especially for families struggling to afford basic necessities, child support can be a significant long-term source of family income. Among custodial families with



incomes below the federal poverty line in 2013, child support represented 41 percent of their income when received, on average. Child support represented an even larger share — 65 percent — of income when received by custodial families living below *half* of the poverty line.<sup>31</sup>

## **41 percent**

Share of income represented by child support payments received by families with incomes below the poverty line.

Regular child support payments can promote financial stability by providing custodial families with a long-term stream of consistent cash payments they can use to meet their child's needs. In addition, income from child support can free up time and resources for custodial parents to find better jobs and child care arrangements; research shows this increased flexibility has a positive effect on custodial parent employment.<sup>32</sup>

A consistent stream of child support income also can cushion families from the impact of unexpected expenditures or income losses.<sup>33</sup> Fluctuations in month-to-month earnings and other income are more common among low-income families with children than among higher-income families.<sup>34</sup> Unexpected expenses such as car repairs and medical bills can worsen financial instability, especially for households with few assets and savings.<sup>35</sup>

The reality is that most financial support for children living in custodial families with low incomes is provided by their parents, not the government.<sup>36</sup> Nearly 80 percent of custodial parents receiving child support services are employed. When families with incomes below the federal poverty line receive child support, custodial and noncustodial parents contribute financially to their children in about equal measure.<sup>37</sup> Some custodial families also rely on public assistance to make ends meet: 10 percent of families receiving child support services received TANF cash assistance, 36 percent received SNAP, and 15 percent received housing assistance in 2017.<sup>38</sup>

For families receiving TANF, those benefits provide only limited family support, leaving a family of three at or below 60 percent of the poverty line in every state.<sup>39</sup> The median state benefit level for one parent and two children is \$549, and families often do not receive the full benefit amount when they have earnings or other income, among other reasons.<sup>40</sup> For TANF families, even modest rental housing is unaffordable based on U.S. Department of Housing and Urban Development Fair Market Rents.<sup>41</sup>

Custodial parents have more income when states implement pass-through policies that direct child support payments to the children for whom they are intended rather than retaining some or all of that support.<sup>42</sup> Not only do families benefit from the money otherwise retained by states, but research demonstrates that pass-through policies change the way noncustodial parents interact with the child support program. Research shows that noncustodial parents pay a higher amount of child support and more noncustodial parents pay support when their support payments are passed through to children and disregarded in determining TANF assistance. Noncustodial parents also establish parentage more readily, the legal prerequisite to a child support order, when they know that the support they pay will benefit their children.<sup>43</sup> And they are more willing to pay through the formal child support program, which ensures that their payments are credited against their support obligation and can improve payment regularity for families.<sup>44</sup>

The University of Wisconsin TANF pass-through study referred to earlier compared families in the experimental group that received a pass-through and disregard of all current monthly child support payments with those in the control group that received a partial pass-through and disregard

of current support (the greater of \$50 or 41 percent). The study found that noncustodial parents with a support order in the experimental group were 10 percent more likely to pay any child support than those in the control group by the third year of the experiment. In addition, noncustodial parents with a support order in the experimental group paid 24 percent more child support.<sup>45</sup>

Similarly, an Urban Institute study found that noncustodial parents in Washington, D.C. with a support order were 3 percentage points more likely to pay any child support, and paid 11 percent more support in TANF cases by the third year, under a \$150 pass-through and disregard policy than under the previous \$50 pass-through policy.<sup>46</sup> Also, in the first year after implementing its policy to pass through and disregard all current monthly support, the Colorado Department of Human Services found that total current collections for TANF families rose 76 percent based on an analysis of its administrative data.<sup>47</sup>

### **Child Support Can Be Reliable Income Source, Leaves Families Better Off**

A common misconception is that child support is rarely a reliable source of income. In reality, a large share of current TANF families that receive any child support receive payments fairly consistently, though many other families do not receive regular payments.<sup>48</sup>

A University of Maryland study of the state's TANF pass-through policy found that 40 percent of families with a support order received a pass-through payment every month during the eight-month study, while 57 percent received a payment for three or more consecutive months.<sup>49</sup> Similarly, a University of Wisconsin study found that slightly less than half of mothers in the state who received support during a year consistently receive a regular amount. The Wisconsin study determined that child support payments were as regular as custodial mothers' earnings, and typically in higher amounts than other income sources, such as cash assistance and SNAP benefits.<sup>50</sup>

Among families participating in the child support program nationally, 59 percent of families that formerly received assistance had child support collections in 2023, but just 34 percent of families currently receiving assistance.<sup>51</sup> In part, the share of currently-assisted families with collected child support is relatively low because some noncustodial parents of children receiving TANF do not pay support when they are unemployed, have unstable employment, are incarcerated, or avoid making payments through the formal system. In addition, once a family is referred to the child support program, it takes time to obtain a support order that establishes a payment obligation for the noncustodial parent. This means that a state may not begin to collect payments until the family has already left TANF. Among current TANF participants with an established support order, more than half have collections.<sup>52</sup>

Research on the *amount* of child support collected for families receiving TANF is limited, but two analyses of state pass-through data provide insight into how much money is at stake for families.<sup>53</sup> An unpublished University of Maryland analysis found that over the course of a year, the mean amount of child support collected in the state for families receiving TANF that had an active child support case and collections in 2022 was \$323 per month. Collections averaged \$170 in current support and \$208 in arrears.<sup>54</sup> About half of total collections in TANF cases were current monthly support payments and half were arrears, and a typical family had a mix of current and arrears collections.<sup>55</sup> As mentioned earlier, the Colorado analysis determined that current monthly support payments averaged \$167 in that state's analysis of its pass-through data.<sup>56</sup>

Another misconception is that families are no better off receiving child support because they lose SNAP and other income-based benefits. In SNAP, both cash assistance and child support payments count as unearned income, but they do not cause a dollar-for-dollar decline in SNAP benefits.<sup>57</sup> Instead, SNAP benefits phase down as income rises, at the rate of roughly 30 cents for each additional dollar of income.<sup>58</sup>

Research shows that passing through child support increases a family's overall income (including both cash and SNAP) even when SNAP benefits decrease as a result.<sup>59</sup> The University of Maryland pass-through study found that families in the state received an average of \$132 per month in passed-through child support income, which increased the quarterly household income of most families by up to 20 percent (when counting both families that receive and do not receive child support). In Maryland, child support is counted as income in SNAP when received for three or more consecutive months, and although such families saw their SNAP benefits fall by an average of roughly \$70 to \$80 per month, the net effect on their income was again positive.<sup>60</sup> The Colorado Department of Human Services concluded from its data analysis that passing through all current support to families receiving TANF and SNAP in the state caused SNAP benefits to decline by \$28 per month, on average, but resulted in a net family budget *increase* of \$134.<sup>61</sup>

### **Directing Child Support to Families Reduces Risk of Child Protective Services Involvement**

Families experiencing poverty are far more likely to be reported to child protective services than families with more resources.<sup>62</sup> Economic hardship may interfere with parents' ability to provide their children with basic necessities like food, shelter, medical care, and supervision — factors that can contribute to a child welfare agency's determination that a child is being neglected. Unemployment, housing instability, and eviction have all been associated with increased risk of families' involvement in the child welfare system.

Studies have linked anti-poverty measures that increase family income and help parents provide their children with basic necessities with fewer reports of child neglect to child protective services.<sup>63</sup> Even relatively small infusions of cash can make a difference by helping families maintain housing and employment or meet other expenses of raising children.

To study whether increased child support income passed through to families reduced reports of child maltreatment or neglect to the child welfare system, researchers used administrative data collected for families that had participated in the Wisconsin pass-through demonstration. Researchers compared families randomly assigned to the experimental group, who received a full pass-through of current support, with families in the control group, who received a partial pass-through. The study produced consistent evidence that increased child support income passed through to families can reduce reports of maltreatment or neglect, estimating that mothers who received a full pass-through were about 10 percent less likely to receive a "screened-in report" (a report to child protective services alleging child neglect or maltreatment that met state criteria for further assessment) than mothers who received a partial pass-through.<sup>64</sup>

While the research findings are not uniform, a large number of studies have linked experiences of poverty and hardship with immediate and long-term detrimental effects on children across a range of outcomes, not just reports of neglect. For example, researchers have linked stress associated with a scarcity of resources to lasting negative consequences for children's brain development and physical health.<sup>65</sup> Conversely, helping families move out of poverty decreases the risks to children

and their families. Policies and programs that increase family income can improve children's academic, health, and economic outcomes, according to a report on reducing child poverty issued by the National Academies of Sciences, Engineering, and Medicine. A study published by the National Bureau of Economic Research estimates that for every \$1,000 provided annually to families with children, society reaps \$5,603 in benefits, including through increased earnings among adults and better health outcomes among children.<sup>66</sup>

### **Receiving Child Support Linked to Increased Noncustodial Parent Involvement, Positive Child Development Outcomes**

Extensive research connects receiving child support payments to positive child developmental outcomes, including stronger school performance. Children who receive child support payments are more likely to receive higher grades, to have fewer school problems, to finish high school, and to attend college than their peers who do not receive child support.<sup>67</sup>

One reason for this connection may be that noncustodial parents who pay child support are more likely to stay engaged in their children's lives. Parental involvement and payment of child support tend to go hand in hand, with studies finding that payment of child support is associated with noncustodial parental contact.<sup>68</sup> Parental involvement, in turn, is associated with children's emotional well-being, social and behavioral adjustment, and academic achievement.<sup>69</sup> Children who have supportive and nurturing relationships with their noncustodial parents can also have a clearer sense of identity and social belonging.<sup>70</sup>

In addition, receiving regular child support payments can improve and help stabilize co-parenting relationships,<sup>71</sup> helping to keep the door open for children to maintain relationships with their noncustodial parents as well as paternal grandparents and relatives.<sup>72</sup> Children with extended family networks often have more social support and more potential sources of care, advice, and opportunities that help their development and outcomes later in life.<sup>73</sup>

Like custodial parents, noncustodial parents typically want to provide and care for their children.<sup>74</sup> Custodial mothers report that two-thirds of noncustodial parents spend time with their youngest child.<sup>75</sup> And a study from the Centers for Disease Control and Prevention found that Black noncustodial fathers are more engaged in their children's lives than their white and Hispanic counterparts.<sup>76</sup>

This evidence suggests that better child support policies — including policies that direct collected child support payments to families — can strengthen noncustodial parents' engagement with their children and, in turn, their extended family members as well, creating a more positive and nurturing environment for their children.

### **Cost Recovery Policies Can Harm Family Dynamics**

Child support services are critical for families that seek them. Child support agencies ensure that child support is collected efficiently, so that families can count on receiving support when it is collected. But at the same time, TANF cost recovery policies — both the cooperation requirement, which mandates participation in the child support program, and the assignment requirement, which authorizes a state to retain support payments as reimbursement for assistance — can undermine the

goals of providing needed support to families and respecting parents' decisions about what is best for their families.<sup>77</sup>

Cost recovery, including mandatory participation in the child support program, can harm family dynamics by disrupting existing co-parenting arrangements and increasing conflict between parents and other family members.<sup>78</sup> These policies ignore the fact that many parents who live apart have already established co-parenting relationships involving a combination of informal financial support (cash support paid directly to the custodial family and not credited against a legal obligation), in-kind support (non-monetary support contributed to the custodial family), cost-sharing arrangements, and shared caregiving responsibilities.<sup>79</sup> In fact, many custodial parents decide against obtaining a child support order because they have existing arrangements with the noncustodial parent.<sup>80</sup> Requiring families receiving TANF to participate in the child support program even if they do not think it is in their best interest can discourage parents from participating in TANF and may contribute to parents' distrust of the child support program.

Research underscores the value of informal forms of support for children.<sup>81</sup> Informal support arrangements can be especially important when noncustodial parents are struggling to support themselves and their children. In-kind support and other material contributions to families made by noncustodial parents who lack the means to make regular cash payments can be another way to reduce custodial parents' financial hardship and increase children's well-being.<sup>82</sup>

Recognizing the important role of in-kind support for families, the San Francisco Department of Child Support Services is piloting a voluntary program that allows parents to jointly agree that child support obligations will be met through in-kind contributions such as caregiving, cooking meals and managing other household tasks, and purchasing clothing, food, and other necessities. In addition, several tribal child support programs base some child support orders on in-kind contributions such as fish, wood, and car repairs.<sup>83</sup> These approaches enable parents to flexibly address their families' needs when they cannot make regular child support payments.

Turbulent family dynamics are stressful and can be traumatic for children as they grow up. Research shows that experiencing parental loss and high levels of parenting and economic stress create lifelong risks to children's health, well-being, and economic opportunity. Studies show that these traumatic experiences, known as Adverse Childhood Experiences (ACES),<sup>84</sup> can affect health outcomes across a child's lifespan and their future opportunities in areas such as education, employment, and income.<sup>85</sup> These studies suggest that preventing early adversity may improve health and life outcomes that reverberate across generations, and that healthy family dynamics can play a role in helping children thrive as they grow up.

### **Directing Child Support to Families Promotes Equity**

Cost recovery policies exacerbate pre-existing inequities for both custodial and noncustodial parents of children receiving TANF. Cost recovery establishes a two-tiered policy, with families in the child support caseload that receive or used to receive TANF — families that typically have very low incomes and are disproportionately Black and Latine — losing out on income that other families are able to receive.<sup>86</sup> In particular, children in families that currently or formerly received TANF do not benefit from the child support provided by their noncustodial parents when that support is withheld to recover past costs associated with TANF. Children who do *not* receive TANF

are unaffected by cost recovery, so they gain the financial, educational, and social benefits of child support paid by their noncustodial parents.

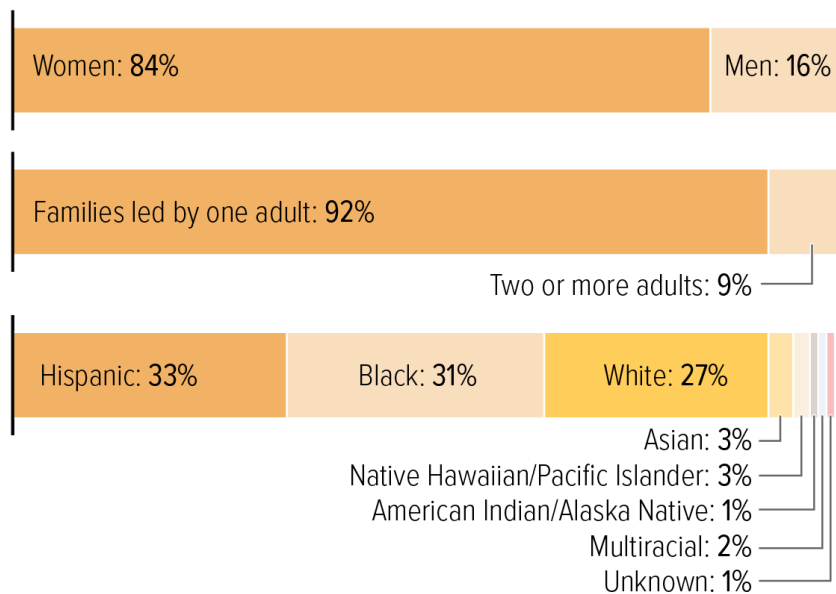
Directing more child support (and ideally *all* support) to families that receive or used to receive TANF would support more equitable family outcomes by increasing families’ income and providing them with more of a protective buffer against financial precarity. Rather than aggravating conflict between the parents, family distribution can give children receiving TANF the same chance as other children to benefit from their noncustodial parents’ financial contributions and stay connected to both parents. When child support is passed through to families, more noncustodial parents pay support, and noncustodial parents pay more support — increasing family income and decreasing the build-up of child support debt.<sup>87</sup> Child support debt can lead to harsh penalties on noncustodial parents, including the loss of a driver’s license and even incarceration that, in turn, hurts their employment prospects and future ability to pay support.

### Reducing Inequities for Custodial Parents

Cost recovery policies impact custodial parents participating in the TANF program, who are disproportionately Black and Latina women. According to 2022 data from the Office of Family Assistance, 91 percent of TANF households with an adult participant have one parent. Among all adult TANF participants, 84 percent are women, 31 percent are Black, and 33 percent are Hispanic.<sup>88</sup> (See Figure 2.)

FIGURE 2

### Households Currently Receiving TANF Cash Benefits are Mostly Headed by Women of Color



Note: This data is on adult TANF participants and does not include child-only cases. Category percentages may not sum to 100 due to rounding. All race/ethnicity categories other than Hispanic are non-Hispanic only. Those identifying as Hispanic may be of any race. For more on cost recovery, see “Understanding TANF Cost Recovery in the Child Support Program”

Source: CBPP analysis of ACF 2022 data on characteristics of TANF recipients

Women of nearly all races and ethnicities experience higher poverty rates than men, and this is also true for custodial mothers compared to custodial fathers. In 2017, the poverty rate for all custodial mothers was 27 percent, versus 11 percent for custodial fathers.<sup>89</sup> Overall, women are much more likely to be custodial parents — in 2018, women represented 80 percent of all custodial parents.<sup>90</sup> In addition, Black and Latina women are likelier to be custodial parents compared to women in other racial and ethnic groups.<sup>91</sup> Further, Black, Latina, and American Indian or Native Alaskan women experience the highest poverty rates among women.<sup>92</sup>

**27 percent**  
Poverty rate among all custodial mothers in the U.S.

Higher poverty rates among women, particularly women of color, are linked to the impacts of sexism and racism across society, including the gender and race pay gap, lack of family-work policies, systemic devaluing of caregiving (whether paid or unpaid), and the economic impacts of domestic violence.<sup>93</sup> In addition, women are much more likely to raise children alone and therefore bear a disproportionate share of child-rearing expenses and responsibilities.<sup>94</sup> And, due to occupational segregation, women — especially women of color — are overrepresented in low-paid jobs and part-time work and are less likely to have access to any leave, paid or unpaid.<sup>95</sup>

Child support income can help custodial families address the economic hardship that many face, but only if that support reaches the family.

### Reducing Inequities for Noncustodial Parents

Cost recovery policies also reinforce and create inequities for noncustodial parents. By preventing noncustodial parents from using their resources to support their children, cost recovery can diminish their parenting role and their relationship with their children.<sup>96</sup> And if noncustodial parents do not pay child support through the formal system (which is more likely if child support payments do not benefit their children but are instead kept by the state), they can be subject to coercive debt collection efforts by the child support program. States can help address these inequities by adopting policies that redirect noncustodial parents' child support payments to their children and center the program on families' needs, not state revenue generation.

An estimated 25 percent of noncustodial fathers participating in the child support program have incomes below the federal poverty line.<sup>97</sup> Most noncustodial parents who fail to pay child support have incomes below poverty and struggle to meet their own basic needs for shelter, food, transportation, and health care.<sup>98</sup> According to a University of Maryland study, noncustodial parents in the state who made no child support payments earned an average of \$7,350 in 2018, compared to \$44,000 for noncustodial parents who paid all of their child support.<sup>99</sup> And a University of Wisconsin study found that 90 percent of noncustodial parents in the state who made no child support payments, and 60 percent making partial payments, were either incarcerated or lacked stable employment.<sup>100</sup>

**25 percent**  
Poverty rate among noncustodial fathers participating in the child support program

Black noncustodial parents are overrepresented among those impacted by TANF cost recovery policies. They face racial barriers to finding and maintaining stable, full-time employment at a living wage, including overrepresentation in low-paid jobs due to occupational segregation and racial

discrimination in the job market.<sup>101</sup> They also face racial disparities in the criminal legal system, including higher rates of arrest and incarceration.<sup>102</sup>

Because noncustodial parents are less likely to comply with support orders if their children do not benefit from their payments, cost recovery can lead to more debt for noncustodial parents. Child support debt can trigger a range of harsh child support enforcement measures, including driver's license suspension and even incarceration.<sup>103</sup> Research suggests that noncustodial parents are more likely to experience harsh measures for failure to pay child support if their children are receiving TANF.<sup>104</sup>

Unmanageable child support debt, in turn, further undermines noncustodial parents' ability to work and contribute to their children, financially or otherwise. However, as the Wisconsin and District of Columbia pass-through studies found, when states pass through and disregard support payments to families receiving TANF and do not retain them, significantly more noncustodial parents pay child support, and they pay a larger amount of support. In other words, pass-through policies can remove disincentives to employment and payment of child support through the formal system experienced by noncustodial parents when their payments actually benefit their children.<sup>105</sup>

When the state retains child support payments to reimburse current or past cash assistance costs, noncustodial parents sometimes decide to pay outside of the child support program. But they can find themselves in an untenable position financially if they do not have sufficient resources to “pay out of both pockets” by providing informal support directly to their children while also paying child support kept by the state.<sup>106</sup> Also, custodial parents receive informal support but do not report it to the TANF office risk losing TANF assistance.

## **Conclusion**

Rooted in old poor relief laws (see box), cost recovery pervades traditional child support policies and is incompatible with the modern child support program, which is focused on helping families achieve financial stability. Cost recovery policies work at cross-purposes with parents and hurt the families that are most in need of child support payments. They reduce family income, impede parents' ability to provide for their children, undermine family relationships, and decrease child well-being and development. Policymakers in Congress and in states should adopt family distribution policies that support families and help them thrive.



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## Cost Recovery Policies Reflect Long-Standing Policy Design Determining Who “Deserves” Public Assistance

TANF cost recovery policies that require families receiving cash assistance to assign to the state their rights to child support and to cooperate with the child support program are part of a long history of prescriptive, coercive, and punitive public assistance policies that have disproportionately harmed Black families.

State “poor relief laws” enacted in the 19th century were designed to deny Black people access to public assistance; definitions of who was legally entitled to public assistance were usually restricted to individuals who were white and unable to work due to mental or physical disability.<sup>a</sup> Poverty among those “able-bodied” was thought to reflect personal failings rather than structural inequities. As a result, under these state laws, many people in poverty were not allowed to vote, were incarcerated, were hired out as indentured laborers, or were imprisoned for debt.<sup>b</sup>

The belief that only certain people deserve public assistance also informed the cash assistance programs created in the early 1900s, called “mother’s pension” programs.<sup>c</sup> These programs reflected traditional ideas about marriage and gender roles and withheld or denied aid to families that did not fit these expectations. A child’s deservingness for aid depended on the mother’s character, which often meant aiding white children of widowed mothers, not those of divorced or unwed mothers.<sup>d</sup> Children of Black mothers were largely excluded regardless of whether the mother was widowed, abandoned, or not married — and despite economic need.<sup>e</sup>

These beliefs continued to shape policies in the Aid to Families with Dependent Children (AFDC) program and its successor, TANF. For much of AFDC’s history, children could only receive assistance based on the “continued absence” of their fathers. This had the effect of driving fathers out of their homes and away from their children to avoid family destitution, while stereotyping them as “absent fathers” or “deadbeat dads” who abandoned their children and shirked their parental responsibilities.<sup>f</sup> In addition, some states had “man in the house” or “substitute father” laws, which cut cash aid under AFDC to families if the mother cohabited with a man who was not the children’s father. These laws were based on the assumption that a man should provide for the children even when he had no legal obligation to the child. The U.S. Supreme Court struck down “substitute father” laws in *King v. Smith*, 392 U.S. 309 (1968).<sup>g</sup>

In addition, a number of states enacted “suitable home” laws that denied cash aid under AFDC on the state’s moral determination of a home’s fitness for child rearing. These policies were enforced through surveillance of families and, often, fraud prosecutions. Between the late 1940s and early 1960s, 23 states implemented “suitable home” requirements. In many southern states, the “suitable home” policy regarded the household of an unmarried mother as unsuitable by definition.<sup>h</sup> The “suitable home” policy was prohibited by federal law in 1961.<sup>i</sup>

In 1950, Congress added a provision to the AFDC program requiring state AFDC agencies to notify law enforcement officials when a child receiving assistance might qualify for child support.<sup>j</sup> And at the same time Congress created the child support program by enacting IV-D of the Social Security Act in 1975, it added assignment and cooperation requirements to the AFDC program.<sup>k</sup> In 1996, Congress carried over these requirements to the TANF and child support programs.

Cost recovery policies date back to Victorian-era poor relief laws which treated any government assistance as debt to be repaid. The basic idea behind cost recovery is that the government should be reimbursed for supporting children through support paid by noncustodial parents.<sup>l</sup> Assigned support kept by the state is shared with the federal government because both the state and federal government contribute to the cost of the TANF program.

The AFDC law required states to pass through the first \$50 of support payments to families receiving cash assistance. While federal law now provides states with flexible pass-through and family distribution options to pay all collected support to families, today’s TANF and child support rules

continue to include cost recovery features, including federal assignment and cooperation requirements.

As the research discussed in this report shows, the basic assumption that cash assistance benefits are a stand-in for support from noncustodial parents and the state should reimburse itself from support paid by noncustodial parents is counterproductive, hurting children and families in both the near and long term.

<sup>a</sup> William P. Quigley, “The Quicksands of The Poor Law: Poor Relief Legislation in a Growing Nation, 1970-1920,” *Northern Illinois University Law Review*, Vol. 18, No. 1, 1997, <https://huskiecommons.lib.niu.edu/cgi/viewcontent.cgi?article=1468&context=niulr>.

<sup>b</sup> *Ibid.*

<sup>c</sup> Ife Floyd et al., “TANF Policies Reflect Racist Legacy of Cash Assistance,” CBPP, August 4, 2021, <https://www.cbpp.org/research/income-security/tanf-policies-reflect-racist-legacy-of-cash-assistance>.

<sup>d</sup> Premilla Nadasen, Jennifer Mittelstadt, and Marisa Chappell, *Welfare in the United States: A History with Documents, 1935-1996*, Routledge, 2009, pp. 15-16.

<sup>e</sup> Winifred Bell, *Aid to Dependent Children*, Columbia University Press, 1965, pp. 9-11; Nadasen, Mittelstadt, and Chappell, pp. 15-16.

<sup>f</sup> See, e.g., U.S. Department of Justice, “Investigation of the Ferguson Police Department,” March 4, 2015, pp. 62, 72 (record of derogatory emails stereotyping Black noncustodial fathers), [https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson\\_police\\_department\\_report.pdf](https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf); Congressional Research Service, “The Child Support Enforcement Program: A Legislative History,” March 21, 2016, [https://www.everycrsreport.com/files/20160321\\_R44423\\_7c7c042b8038f53dcc732fb77538a7924e1cfe14.pdf](https://www.everycrsreport.com/files/20160321_R44423_7c7c042b8038f53dcc732fb77538a7924e1cfe14.pdf); Social Services Amendments of 1974, <https://www.fordlibrarymuseum.gov/library/document/0055/12006489.pdf>; Gerald R. Ford Presidential Library, Ford Congressional Papers: Press Secretary and Speech File, Ford Press Releases-Welfare, 1972-1973, “News Release: Runaway Pappy Bill,” January 18, 1973, <https://www.fordlibrarymuseum.gov/library/document/0054/4525593.pdf>.

<sup>g</sup> The decision in *King v. Smith* was codified in 45 C.F.R. § 233.90(a)(1).

<sup>h</sup> Winifred Bell, *Aid to Dependent Children*, Columbia University Press, 1965, pp. 33-34.

<sup>i</sup> The U.S. Department of Health, Education, and Welfare (as HHS was then named) initially prohibited the policy through the “Flemming Ruling,” which was quickly codified in federal statute in 1961 and modified in 1962. S. Rep. No. 165, 87th Cong., 1st Sess. (1961). See 45 C.F.R. § 233.90(a)(2). For further discussion of the history, see *King v. Smith*.

<sup>j</sup> Vicki Turetsky, Kevin Guistwite, and Karen Hess Rohrbaugh, “History of the Child Support Program,” Maryland Courts, 2023, <https://www.mdcourts.gov/sites/default/files/import/family/pdfs/childsupportsymposium/historyofchildsupport.pdf>; Assistant Secretary for Planning and Evaluation (ASPE), “A Brief History of the ADFC Program,” <https://aspe.hhs.gov/sites/default/files/private/pdf/167036/1history.pdf>.

<sup>k</sup> The Social Services Amendments, P.L. 93-647, were enacted on January 4, 1975, establishing title IV-D (Child Support program) and title XX (Social Services Block Grant program), and amended title IV-A (AFDC) of the Social Security Act. Section(c)(5)(C) included AFDC assignment and cooperation requirements.

<sup>l</sup> See Turetsky and Azevedo-McCaffrey, 2024; Daniel L. Hatcher, “Child Support Harming Children: Subordinating the Best Interests of Children to the Fiscal Interests of the State,” *Wake Forest Law Review*, Vol. 42, No. 4, 2007, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1113165](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1113165); David C. Baldus, “Welfare as a Loan: An Empirical Study of the Recovery of Public Assistance Payments in the United States,” *Stanford Law Review*, Vol. 25, No. 2, January 1973, <https://www.jstor.org/stable/1227967>; W. R. Vance, “The Parent’s Liability for Necessaries Furnished for His Minor Child,” *Virginia Law Register*, Vol. 6, No. 9, January 1901, <https://www.jstor.org/stable/1098948>.

## Appendix I: State Policy Options to Direct All Child Support to Current and Former TANF Families

In many states, families participating in the TANF program do not receive the child support collected on their behalf. This is because families that apply for TANF assistance are required to assign their legal rights to child support to the state to reimburse the cost of assistance paid to the family. When a state retains collected child support under an assignment, some of the retained support goes into state coffers and some is sent to the federal government. The amount sent to the federal government depends upon the state's Federal Medical Assistance Percentage (FMAP), which is based on the state's per capita income.

States have several federal policy options to shift away from TANF cost recovery. One set of options impacts families currently receiving TANF, while the other set primarily affects families that no longer receive TANF but remain subject to an assignment of past-due child support owed during the assistance period. These options are described below. States have followed different paths to expand their family distribution and pass-through policies. By combining several options, however, states can direct *all* support, including both current monthly support and arrears, to current and former participants in TANF cash assistance.

### Option 1: Pass Through and Disregard All Monthly Child Support to Current TANF Families

States may pass through any amount of child support collections, whether current monthly support or arrears, to families participating in TANF. Federal law waives the federal share of collections that are passed through to current TANF families and disregarded for TANF benefit determination, up to \$100 per month for one child and \$200 for two or more children.<sup>107</sup>

**Example (partial pass-through of \$100/\$200):** West Virginia passes through up to \$100 or \$200 of current monthly support, depending on the number of children. The state has an FMAP of 74 percent in 2024, which means that if it collected \$100 in a TANF case and had not adopted a pass-through policy, it would owe \$74 to the federal government and keep \$26 as the state share. Since West Virginia passes through and disregards the first \$100/\$200, the state forgoes its \$26 share but does not pay the federal government a \$74 share.

**Example (pass-through of all current support):** Colorado passes through all current monthly support. It has a 50 percent FMAP in 2024. Assume that the state collects \$350 during a month for a family with two children, reflecting \$300 in current support and \$50 in arrears. The state would pass through and disregard \$300, forgoing its \$150 share. The federal share is waived on \$200 of that amount, but the state would still have to pay the federal government \$50 (50 percent of the remaining \$100 passed through as current support). The state would retain the entire \$50 in arrears, keeping half as state revenues and paying the other half to the federal government, for a total federal share of \$75 on current support and arrears.

**What states are doing:** To date, 27 states, including the District of Columbia and Puerto Rico, pass through some or all current monthly child support to families. Five states maintain “fill-the-gap” budgeting in their TANF programs (which allows states that used this budgeting method under the prior AFDC program to distribute more support to current TANF families without having to pay the federal share,<sup>108</sup> and three states pay a supplemental TANF benefit based on child support collections. Several states pass through more than \$100/\$200 to families receiving TANF:

- Colorado and Michigan pass through all current monthly support to families receiving TANF and also disregard that amount when determining their TANF eligibility and benefit amount.
- Minnesota passes through all current support but limits the monthly amount disregarded to \$100 or \$200, depending on the number of children.
- Wisconsin passes through and disregards 75 percent of current support and arrears.
- Illinois enacted legislation in 2023 to pass through and disregard all current support and arrears, one component of its 100 percent family distribution policy.
- California, which currently has a \$100/\$200 pass-through, adopted budget language in 2022 expressing the legislature's intent to fund a full pass-through and disregard of current support and arrears for current TANF families as part of a broader shift toward a 100 percent family distribution policy. The provision was subject to a fiscal trigger and will not be implemented in 2024 due to budgetary considerations.

The remaining states with pass-through policies pass through and disregard partial amounts, such as up to \$50, \$75, \$100, or \$100/\$200.

## **Option 2: Pass Through and Disregard All Child Support Arrears to Current TANF Families**

As Option 1 discusses, states also may pass through any amount of child support arrears to families participating in TANF. Federal law waives the federal share of collections passed through to families receiving TANF and disregarded, up to \$100 of collections per month for one child and \$200 for two or more children.<sup>109</sup>

**Example:** As noted above, Wisconsin passes through 75 percent of both current support and arrears to current TANF families. The state has a 61 percent FMAP in 2024. If the state collected \$500 in arrears for a family with two children receiving TANF, it would pass through and disregard \$375 and retain \$125. The federal share is waived for \$200 of the passed-through amount. The state would pay a 61 percent federal share on the remaining \$300, or \$183, and could cover this amount by paying the federal government both the federal and state shares of the retained amount and making an additional outlay of \$58 (\$183 minus \$125).

**What states are doing:** In addition to Wisconsin's current policy, Illinois is in the process of implementing a full pass-through and disregard of arrears to current TANF families as part of 100 percent family distribution. As discussed above, the California legislature expressed its intent in 2022 to pass through arrears to current TANF families (subject to a fiscal trigger). Several other states pass through both current support and arrears under a more limited pass-through policy.

## **Option 3: Elect the DRA Tax Offset Option to Pay Current and Former TANF Families Child Support Payments Deducted From Federal Tax Refunds**

As mentioned above, PRWORA created a special rule for collections that the Internal Revenue Service deducts, or offsets, from tax refunds owed to noncustodial parents. Under this rule, those payments are applied to arrears only, not to current support. The DRA gives states the option to eliminate this special rule, which enables them to distribute collections made through federal tax offsets like collections from any other source. Under the DRA, tax offsets and other collections are distributed first to current support and then to arrears. While a family receives TANF, current

support is assigned to the state. In addition, arrears assigned to the state are paid off before arrears owed to the family. After a family leaves TANF, family arrears are paid off before state debt. Because amounts distributed to families are not assigned, states do not owe a federal share on them.<sup>110</sup> States may adopt the DRA option by electing “DRA distribution” (rather than “PRWORA distribution”) in their child support state plan.<sup>111</sup>

**Example (family no longer receives TANF):** Assume that Maryland receives \$2,000 collected through a noncustodial parent’s federal tax offset. The noncustodial parent owes \$7,000 in assigned arrears to the state to repay assistance, owes \$5,000 in arrears to the family, and owes \$300 in current monthly support. Maryland has elected DRA distribution rules, meaning that the \$2,000 would be applied first to paying the \$300 in monthly support to the family. The state would then distribute the remaining \$1,700 to the family to pay down family arrears. There would be no money left to apply to state arrears, and the state would not owe a federal share on the collection because support distributed to families is not assigned to the state.

**Example (family receives TANF):** The circumstances are the same as in the previous example, except the family includes two children and receives TANF. Maryland has a \$100/\$200 pass-through policy. The \$2,000 would be applied first to the \$300 in current monthly support. Because the family receives TANF, the monthly support is assigned to the state. However, under its pass-through policy, the state would pass through the first \$200 to the family, disregarding this income in determining TANF benefits. The state would retain \$100. The state then would retain the remaining \$1,700 as assigned arrears. There is no money left to apply to family arrears. The state would owe a federal share on the \$1,800 retained amount (\$100 in retained current support and \$1,700 in retained arrears).

**What states are doing:** Nine states — Alaska, California, Maryland, New Mexico, Pennsylvania, Rhode Island, Vermont, West Virginia, and Wyoming — have elected DRA distribution.

#### **Option 4: Pass Through Assigned Support After Families Leave TANF**

States also may pass through any or all assigned collections to former TANF families.<sup>112</sup> When support is passed through, the federal share is fully waived.<sup>113</sup> This pass-through option may be used in combination with DRA distribution to pay any remaining assigned collections to former TANF families, or it may be used in lieu of DRA distribution.

**Example (PRWORA distribution):** Wisconsin elected PRWORA distribution but passes through all assigned collections to former TANF families. Suppose Wisconsin receives \$8,000 collected through a federal tax offset. The family no longer receives TANF. The noncustodial parent owes the state \$7,000 in assigned arrears to repay assistance, \$5,000 in arrears to the family, and \$300 in current monthly support. Under PRWORA distribution, support collected through a federal tax offset is not distributed to current support, but only to arrears; \$7,000 would be applied to assigned arrears owed to the state, but the state would pass it through to the family and would not keep any amount. The state would not owe a federal share on the passed-through amount because the DRA waives the entire federal share on assigned support passed through to former TANF families. Then the state would distribute the remaining \$1,000 to the family to pay down family arrears. The state would not distribute any amount to current support.

**Example (DRA distribution):** Wyoming elected DRA distribution and implemented a pass-through of remaining collections to former TANF families. Assume Wyoming receives \$8,000 collected through a federal tax offset. The family no longer receives TANF. The noncustodial parent owes \$7,000 in assigned arrears to the state to repay assistance, \$5,000 in arrears to the family, and \$300 in current monthly support. The state would first distribute \$300 in current support to the family. Next it would distribute \$5,000 to the family to pay off family arrears. The state then would pass through the remaining \$2,700 in assigned arrears to the family. The state would not owe a federal share on any part of the collection.

**What states are doing:** California, Illinois, Wisconsin, and Wyoming pass through all arrears to former TANF families. Oregon previously elected PRWORA distribution but introduced legislation in 2023 (and plans to reintroduce the legislation in the 2025 legislative session) to pass through all support to former TANF families.

### **Option 5: Cancel Certain Pre-2009 Assignments**

The DRA ended the longstanding policy of requiring families to sign over their rights to past-due child support payments that accrued *before* they applied to TANF; this policy was called “pre-assistance” assignment. Under current law, states may only obtain an assignment of support that becomes due while the family is participating in TANF, and may not obtain an assignment of support owed before the assistance period. The DRA also includes two different options to limit assignments. First, states may cancel assignments entered into before 2009 (“pre-assistance assignments”). In addition, states may cancel any type of assignment entered into before 1997, including pre-assistance assignments and assignments for support owed during the assistance period (“pre-PRWORA assignments”).<sup>114</sup>

**Example (pre-assistance assignments):** North Dakota elected to cancel pre-assistance assignments entered into before 2009. Suppose a family applied for TANF cash assistance in 2003 and began receiving a \$457 monthly benefit for 12 months, for a total of \$5,484. At the time of application, the noncustodial parent owed \$300 in current monthly support but had not paid in two years. Federal law at that time required the custodial parent to assign this \$7,200 in accrued pre-assistance arrears along with the \$3,600 owed during the assistance period, though reimbursement was limited to the \$5,484 of cash assistance paid out. Assume that over the next six years, the state was unable to make any collections in the case. Following the DRA’s enactment, the state would have cancelled the \$7,200 pre-assistance assignment but (as required by federal law) would have retained the assignment to the \$3,600 support owed during the assistance period.

**Example (pre-PRWORA assignments):** West Virginia elected to cancel all assignments entered into before 1997. Suppose a family applied for cash assistance in 1994 under the AFDC program and received a \$253 monthly benefit for 12 months, for a total of \$3,036. At the time the family applied for AFDC, the noncustodial parent owed \$200 in current monthly support but had not paid in two years. Federal law at that time required the custodial parent to assign this \$4,800 in accrued pre-assistance arrears, as well as the \$2,400 owed during the assistance period, though reimbursement was limited to the \$3,036 in cash assistance paid out. Over the next 15 years, the state was unable to make any collections. After the DRA was enacted, the entire assignment was canceled.

**What states are doing:** Over half of states have canceled old assignments under one or both options.<sup>115</sup>

## Challenges to Directing More Child Support to Families

States face two main challenges to expanding family distribution and pass-through policies: fiscal impacts and computer reprogramming. In some states, the main sticking point to implementing family distribution options is the revenue loss. This is particularly true in states with higher TANF caseloads and benefits, as well as in states that use child support revenues to help fund their child support programs. If a state decides to direct support to families instead of keeping it, the state loses funds that it would have retained as state revenues. Another fiscal sticking point can be the federal share owed on support passed through to families currently receiving TANF. Although states have authority to pass through any amount of assigned support to current TANF families, the federal share is capped at \$100/\$200.

This means that a state that decides to pass through 100 percent of current support and arrears payments must use its state funds to pay for the federal share on passed-through amounts above \$100/\$200.

If a state decides to pass through support to the family instead of retaining it, the state loses funds that it would have kept as state revenues and, in some cases, still has to pay a federal share of the retained support to the federal government. However, states with higher FMAP rates that expand their TANF pass-through policies will experience proportionately lower costs than states with lower FMAP rates. A state's FMAP rate is based on the share the federal government pays of certain state Medicaid costs. A state with a higher FMAP receives a higher percentage of federal Medicaid funding because it has lower per capita income — but a state with a higher FMAP also sends most of its retained collections to the federal government (sometimes 70 percent or more) to reimburse federal TANF costs. In other words, when a state with a higher FMAP passed through support above the \$100/\$200 federal waiver cap, the cost is born primarily by the federal government, rather than the state.<sup>116</sup>

On the other hand, states with lower FMAP rates send back a lower share of assigned support to the federal government and keep more for themselves, so adopting the DRA option costs them somewhat more, but these states also tend to have larger budgets and more capacity to absorb what is still a modest revenue loss.<sup>117</sup>

The revenue loss is modest for other reasons as well. States with lower TANF caseloads or lower TANF benefits may determine that expanding child support payments to families would result in limited revenue losses and net budgetary savings.<sup>118</sup> The same is true of states with fill-the-gap budgeting.<sup>119</sup> Because far fewer families now receive TANF, retained collections have declined substantially over the past two decades. And when benefits are lower, families assign less support to the state. In addition, a reduction in state revenues would be partially offset by savings from reduced state operational costs, better performance resulting in higher federal incentive payments, and better outcomes for families. In addition, states may count the state share of assigned collections passed through to families receiving TANF toward their TANF maintenance-of-effort requirement.<sup>120</sup>

To address the budgetary impact of eliminating revenues and paying a partial federal share associated with cost recovery, a number of states have used a phased approach to implementing

federal options. This phased approach allows states to defer costs to subsequent budget years by sequencing the adoption of family distribution and pass-through options. For example, California and Wyoming adopted DRA distribution and began passing through \$100 for one child and \$200 for two or more children to families currently receiving TANF, and then implemented a pass-through of all assigned arrears to families that *formerly* received TANF. Illinois, on the other hand, implemented one piece of legislation to pass through 100 percent of collections to current and former TANF families and implemented it over a relatively short period of time. By combining options, however, all three states have significantly expanded family payments.

In some states, the greatest challenge in implementing family distribution and pass-through options is computer systems reprogramming, especially if the state's computer systems are outdated and difficult to adjust for changes in policies. For that reason, it can be advantageous for states to adopt family distribution options at the time of systems replacement or other systems enhancement projects. States that move to 100 percent family distribution can reduce costs due to simplified program administration, reduced systems maintenance costs, greater cooperation by parents (which reduces the cost of collecting support), and avoided costs in other programs (because families receive more income).<sup>121</sup> According to one estimate, computer systems savings attributable to 100 percent family distribution could be as high as 6 to 8 percent of all program expenditures, but up-front investment in systems changes is necessary.<sup>122</sup>



## Appendix II

APPENDIX TABLE 1

### State TANF Pass-Through and Distribution Policies

State	Pass through and disregard for families who receive TANF (current assistance cases) <sup>a</sup>	Pass through to families who used to receive TANF (former assistance cases)	PRWORA or DRA distribution (current and former assistance cases) <sup>b</sup>
<b>Alabama</b>	No	No	PRWORA
<b>Alaska<sup>c</sup></b>	\$50 passed through and disregarded	No	DRA
<b>Arizona</b>	No	No	PRWORA
<b>Arkansas</b>	No	No	PRWORA
<b>California<sup>d</sup></b>	First \$100/\$200 passed through and disregarded. In 2022, the legislature adopted a statement of intent to pass through and disregard 100% of current support and arrears to currently assisted families in 2025, subject to a fiscal review. Following a budgetary review, however, the provision will not be implemented in 2024.	In 2022, the legislature enacted a pass-through of all assigned arrears. The pass-through became operative on May 1, 2024.	DRA
<b>Colorado<sup>e</sup></b>	All current support passed through and disregarded	No	PRWORA
<b>Connecticut<sup>f</sup></b>	First \$50 from current support passed through and disregarded	No	PRWORA
<b>Delaware<sup>g</sup></b>	Fill-the-gap budgeting; in addition, first \$50 passed through and disregarded	No	PRWORA
<b>District of Columbia<sup>h</sup></b>	First \$150 from current support passed through and disregarded	No	PRWORA
<b>Florida</b>	No	No	PRWORA
<b>Georgia<sup>i</sup></b>	Fill-the-gap	No	PRWORA
<b>Hawai'i</b>	No	No	PRWORA
<b>Idaho</b>	No	No	PRWORA
<b>Illinois<sup>j</sup></b>	As of Jan. 1, 2024, all current support and arrears are passed through and disregarded. Support collected	All assigned arrears collected on or after Jan. 1, 2024 are passed through.	PRWORA

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	between Jan. 1, 2023 and Dec. 31, 2023 is being paid to families in lump sum payments through August 2024.	All assigned arrears collected between Jan. 1, 2023 and Dec. 31, 2023 are to be paid in a lump sum by August 2024.	
Indiana	No	No	PRWORA
Iowa	No	No	PRWORA
Kansas	No	No	PRWORA
Kentucky	No	No	PRWORA
Louisiana	No	No	PRWORA
Maine <sup>k</sup>	Fill-the-gap budgeting; in addition, first \$50 of current support passed through and disregarded	No	PRWORA
Maryland <sup>l</sup>	First \$100/\$200 of current support passed through and disregarded	No	DRA
Massachusetts <sup>m</sup>	First \$50 of current support passed through and disregarded	No	PRWORA
Michigan <sup>n</sup>	All current support passed through and disregarded	No	PRWORA
Minnesota <sup>o</sup>	All current support and arrears passed through; \$100/\$200 disregarded	No	PRWORA
Mississippi <sup>p</sup>	\$100 passed through and disregarded	No	PRWORA
Missouri	No	No	PRWORA
Montana <sup>q</sup>	\$100 supplemental payment paid from TANF funds when support is collected	No	PRWORA
Nebraska <sup>r</sup>	No. \$100/\$200 of current support will be passed through and disregarded beginning July 1, 2027.	No	PRWORA
Nevada	No	No	PRWORA

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New Hampshire	No	No	PRWORA
New Jersey <sup>s</sup>	\$100/\$200 of current support passed through and disregarded	No	PRWORA
New Mexico <sup>t</sup>	\$100/\$200 of current support and arrears passed through and disregarded effective Jan. 2023	All assigned arrears passed through effective Jan. 2023	DRA
New York <sup>u</sup>	First \$100/\$200 of current support passed through and disregarded	No	PRWORA
North Carolina	No	No	PRWORA
North Dakota	No	No	PRWORA
Ohio	No	No	PRWORA
Oklahoma	No	No	PRWORA
Oregon <sup>v</sup>	\$50 per child up to \$200 of current support passed through and disregarded. In 2023, SB 186 was introduced in the state legislature at the request of the Attorney General, with the support of the TANF agency, to pass through and disregard all current monthly support; the state plans to reintroduce the legislation in 2025.	No	PRWORA
Pennsylvania <sup>w</sup>	First \$100/\$200 from current support passed through and disregarded	No	DRA
Puerto Rico	\$50	No	DRA
Rhode Island <sup>x</sup>	\$50	No	PRWORA
South Carolina <sup>y</sup>	Fill-the-gap	No	PRWORA
South Dakota	No	No	PRWORA
Tennessee <sup>z</sup>	Fill-the-gap	No	PRWORA
Texas <sup>aa</sup>	\$75	No	PRWORA
Utah	No	No	PRWORA

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**State TANF Pass-Through and Distribution Policies**

<b>State</b>	<b>Pass through and disregard for families who receive TANF (current assistance cases)<sup>a</sup></b>	<b>Pass through to families who used to receive TANF (former assistance cases)</b>	<b>PRWORA or DRA distribution (current and former assistance cases)<sup>b</sup></b>
<b>Vermont<sup>bb</sup></b>	First \$50 passed through and disregarded; effective Jan. 1, 2024, pass-through and disregard increases to \$100	No	DRA
<b>Virginia<sup>cc</sup></b>	\$100 passed through and disregarded; in addition, up to \$100 supplemental TANF payment for 2 or more children when additional support is collected	No	PRWORA
<b>Washington<sup>dd</sup></b>	\$50/\$100 passed through and disregarded; full pass-through of current support enacted March 2024 to be implemented on January 1, 2026	No	PRWORA
<b>West Virginia<sup>ee</sup></b>	\$100/\$200 of current support passed through and disregarded; an additional \$25 supplemental payment when support is collected	No	DRA
<b>Wisconsin<sup>ff</sup></b>	75% of all current support and arrears passed through and disregarded	100% of assigned collections passed through	PRWORA
<b>Wyoming<sup>gg</sup></b>	\$100/\$200 of current support passed through and disregarded	Pass-through of all assigned collections implemented January 1, 2024	DRA

<sup>a</sup> The primary reference for state pass-through and distribution policies is Office of Child Support Services, “Intergovernmental Reference Guide (IRG),” section 8, which is regularly updated by state child support agencies. Other sources include NCSL, “Child Support Pass-Through and Disregard Policies for Public Assistance Recipients”; Michele Vinson and Vicki Turetsky, “State Child Support Pass-Through Policies,” CLASP, 2009.

<sup>b</sup> “\$100/\$200” refers to the policy contained in 42 U.S.C. § 657(a)(1) and (6)(B), which waives the federal share of retained support when up to \$100 for one child and \$200 for two or more children is passed through to the family and disregarded in determining TANF benefits. DRA distribution, sometimes called “family-first distribution,” refers to a state plan election in the Deficit Reduction Act of 2005 to distribute IRS tax offsets to current support before arrears and to pay family arrears before state-owed arrears. PRWORA distribution, sometimes called “state-first distribution,” refers to the earlier version of 42 U.S.C. § 657(a)(2) contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. 42 U.S.C. §§ 654(34).

<sup>c</sup> Alaska Stat. § 47.27.040(c); Alaska Department of Health, “Alaska Temporary Assistance Program Manual,” § 717-7A (as of April 2017). Child support pass-through payments are made through the TANF program. (“The Department may distribute to an Alaska temporary assistance program

**State TANF Pass-Through and Distribution Policies**

State	Pass through and disregard for families who receive TANF (current assistance cases) <sup>a</sup>	Pass through to families who used to receive TANF (former assistance cases)	PRWORA or DRA distribution (current and former assistance cases) <sup>b</sup>
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participant per month from a monthly child support payment, or the amount of the child support payment if it is less than \$50, received by the child support services agency for the support of a child[.]”

<sup>d</sup> In 2020, California implemented DRA distribution, which was subsequently codified in 2021as CCP § 695.221(f). In 2022, California also implemented a \$100/\$200 pass-through and disregard. Cal. Code, FAM § 17504. On July 1, 2022, the legislature enacted Ch 48, Stats. 2022 (SB 189), which contains a commitment to fund a 100 percent pass-through of support to currently assisted families, commencing on Jan. 1, 2025, subject to a fiscal trigger in the spring of 2024. The legislature also required a report to the legislature on unintended consequences of implementing a full pass-through, (§ 77, p. 110). On February 27, 2024, the Legislative Analyst’s Office (LAO) anticipated that “the administration likely will not implement” the full pass-through to current TANF families due to a budget shortfall, indicating that the budget language becomes inoperative July 1, 2024, <https://lao.ca.gov/Publications/Report/4861>. On or before January 10, 2026, California Department of Child Support Services is required to submit a report to the Legislature on its continued efforts to research and make the necessary changes to facilitate the implementation of a full pass-through of current support to families currently receiving CalWORKs, “Supplemental Report of the 2024-25 Budget Act,” Legislative Analyst’s Office, September 2024, <https://lao.ca.gov/reports/2024/4927/Supplemental-Report-2024-25-Budget-Act-091124.pdf>. On September 27, 2022, the legislature enacted Ch. 573, Stats. 2022 (AB 207), which includes a provision to pass through assigned arrears to formerly assisted families (§ 7), codified as Cal. Code, FAM § 17504.2, as well as a statement of intent to provide a full pass-through to currently assisted families (§§ 20-21), codified as Welfare and Institutions Code, §§11477.06-11477.7). California Department of Child Support Services, “Election of Federal Deficit Reduction Act of 2005 Distribution,” CSSP Letter: 20-05 (August 10, 2020); “Permanent Election of Federal Deficit Reduction Act of 2005 Distribution,” CSSP Letter: 21-05 (November 29, 2021). See California Department of Child Support Services, “Frequently Asked Questions,” <https://childsupport.ca.gov/faq/>; “What is the 2022 Pass-Through Increase?” <https://www.youtube.com/watch?v=OV0VA7Pdeac>; “Former Assistance Arrears Pass Through: What You Should Know,” <https://childsupport.ca.gov/formerassistance/>.

<sup>e</sup> Colo. Rev. Stat. §§ 26-2-108(1)(b) (enacted 2015 and implemented April 1, 2017); 26-2-111(3)(a)(V); 9 C.C.R. § 2503-6-3.605.5. Child support income is disregarded in calculating TANF benefits but considered in determining eligibility.

<sup>f</sup> Conn. Gen. Stat. § 17b-112(d). The \$50 is disregarded in determining eligibility and calculating benefits.

<sup>g</sup> 16 Del. Adm. Code § 3005; “Delaware State Plan for TANF.”

<sup>h</sup> D.C. Stat. § 4-205.19(c)(5).

<sup>i</sup> GA R & R Rule 290-2-28-.13; Georgia Department of Human Services, “Georgia’s State Plan Renewal: Temporary Assistance for Needy Families,” pp. 36-37 (2019).

<sup>j</sup> 305 ILCS § 5/4-1.6. The 100 percent pass-through is included in the Supplemental Implementation Bill, Pub. Act 102-1115 (SB 1720), § 5-36, p. 55 (enacted Jan. 9, 2023). After implementing systems changes, the state began paying out currently and formerly assisted families lump sum

**State TANF Pass-Through and Distribution Policies**

State	Pass through and disregard for families who receive TANF (current assistance cases) <sup>a</sup>	Pass through to families who used to receive TANF (former assistance cases)	PRWORA or DRA distribution (current and former assistance cases) <sup>b</sup>
	payments of support collected and retained dating back to January 1, 2023. Payments received between January 1, 2023 and December 31, 2023 are being paid out as a lump sum through August 1, 2024.		
	<sup>k</sup> Me. Rev. Stat. Ann. tit. 22, § 3762-3-B(i); Maine Department of Health and Human Services, “Maine Public Assistance Manual,” § 555-4; “How Much Child Support Should I Get from DHHS? Information for TANF Families,” <a href="https://www.ptla.org/how-much-child-support-should-i-get-dhhs-information-tanf-families">https://www.ptla.org/how-much-child-support-should-i-get-dhhs-information-tanf-families</a> . The \$50 is disregarded in determining eligibility and calculating benefits.		
	<sup>l</sup> Md. Code, Hum. Serv. § 5-310(a) (enacted in 2017 and effective on June 11, 2020).		
	<sup>m</sup> 106 CMR § 705.900.		
	<sup>n</sup> Michigan Department of Health and Human Services, “Michigan IV-D Child Support Manual,” § 5.40, no. 7.1.3 (rev. December 5, 2022). The pass-through became effective January 1, 2023.		
	<sup>o</sup> Minn. Stat. §§ 256.741, subd. 2a(a); 256P.06, subd. 3(2)(xv) (disregard enacted 2015); Minnesota Department of Human Services, “Combined Manual,” 0017.15.03. The \$100/\$200 disregard was enacted in 2015; the pass-through was implemented in 2001. Current support and arrears above the disregarded amount are passed through but counted as unearned income.		
	<sup>p</sup> Mississippi Department of Human Services, “Child Support Policy Manual,” § 4081 (rev. September 1, 2021); “Personal Responsibility Contract for Temporary Assistance for Needy Families (TANF),” MDHA-EA-312 (rev. October 1, 2021); “Notice of Child Support Enforcement,” MDHA-EA-941 (rev. October 1, 2021). Passed-through child support is disregarded when determining TANF eligibility and benefits (eff. November 1, 2021).		
	<sup>q</sup> Mont. Code Ann. § 53-4-260. The supplemental payment is disregarded when determining TANF eligibility and benefits.		
	<sup>r</sup> Neb. Rev. Stat. §§ 43-512(3); 43-512.07(5); 68-1201(2); 68-1713(1)(v) (chaptered). On April 11, 2024, LB 233 was enacted by the Nebraska state legislature and approved by the governor on April 17, <a href="https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=50212">https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=50212</a> . An earlier version of LB 233, introduced on January 10, 2023, included a TANF pass-through and disregard of current support but was subsequently amended to provide for a \$100/\$200 pass-through and disregard.		
	<sup>s</sup> N.J. Stat. Ann. § 44:10-49 (effective Oct 1, 2008) (“The county agency shall pass through to the assistance unit the full amount of the current child support collected on behalf of a child”); New Jersey Division of Family Development, “Child Support Pass-Through Increase for State Fiscal Year 2021-2022,” DFDI No. 21-12-02, December 10, 2021.		
	<sup>t</sup> N.M. Stat. Ann. § 27-2B-7(B)(10)(b) Effective Oct. 2, 2008); N.M.A.C. §§ 8.50.125.12 and 8.50.13 (adopted Sept. 1, 2022 and eff. Jan. 23, 2023); 8.102.520.9 (eff. Jan. 1, 2023); New Mexico Child Support Enforcement Division, “Distribution of Collections and Pass-Through,” CSED-MR-23-01 (Jan. 20, 2023); CSED “Policy and Procedures Manual,” Part 125, “Fees, Payments and Distributions” (January 2023); 8.102.520.9 (eff. January 1, 2023). See WICSEC, “Distribution Outside the (Retained Support) Box: How States are Changing Their Policies to Pass Through Retained Support,” September 2023.		

**State TANF Pass-Through and Distribution Policies**

State	Pass through and disregard for families who receive TANF (current assistance cases) <sup>a</sup>	Pass through to families who used to receive TANF (former assistance cases)	PRWORA or DRA distribution (current and former assistance cases) <sup>b</sup>
	<p><sup>u</sup> N.Y. Social Services Law § 111-c(2)(d).</p> <p><sup>v</sup> Or. Rev. Stat. §§ 25.020(b) and 412.007(3) (effective Oct. 1, 2008); OAR 137-055-6010(9) and 137-055-6022. SB 186, introduced on January 9, 2023, included a TANF pass-through of all current support but did not pass during the 2023 legislative session.</p> <p><sup>w</sup> Pa. Cons Stat. tit. 23 § 4374(c) (effective Oct. 1, 2008); Pennsylvania Department of Human Services, “Cash Assistance Handbook,” Appendix A.</p> <p><sup>x</sup> R.I. Gen. Laws § 40-5.2-35; Department of Human Services, “Child Support Program Rules and Regulations,” chapter 30, “Distribution” § 1.23.4.</p> <p><sup>y</sup> S.C. Code Ann. § 43-5-222(1) (“of amounts collected which represent monthly monetary support obligations, the first seventy-five dollars of the monthly payment must be paid to the AFDC family and thereafter must be increased up to the amount of the monthly support obligation”); South Carolina Department of Social Services, “Temporary Assistance for Needy Families Policy Manual,” §§ 8.7, 8.16.</p> <p><sup>z</sup> Tenn. Comp. R. &amp; Regs. §§ 1240-01-03 and 1240-01-04; Tennessee Department of Human Services Child Support Handbook, pp. 16-17.</p> <p><sup>aa</sup> Tex. Admin. Code tit. 1, Part 15, § 372.404(4) (effective Oct 1, 2008); Texas Department of Health and Human Services, “Texas Works Handbook,” A-1125, “OAG Distribution,” revisions 15-4 (Oct. 1, 2015).</p> <p><sup>bb</sup> Vt. Stat. Ann. tit. 33, § 1105 (effective January 1, 2024); Vermont Office of Child Support, “Child Support in Vermont: A Handbook for Parents,” p. 37. Passed-through support is disregarded in determining eligibility and benefits.</p> <p><sup>cc</sup> Virginia Acts of Assembly-Chapter 780, Appropriations Act of 2016, Department of Social Services, §1-96, item 342 (approved May 20, 2016), p. 314; Virginia Department of Social Services, “Temporary Assistance for Needy Families (TANF) Manual,” § 304.4.</p> <p><sup>dd</sup> RCW §§ 26.23.035(4) and 74.08A, as amended by HB 1652, which was enacted by the Washington legislature on March 5 and signed by the governor on March 19, 2024, <a href="https://app.leg.wa.gov/billsummary?BillNumber=1652&amp;Initiative=false&amp;Year=2023">https://app.leg.wa.gov/billsummary?BillNumber=1652&amp;Initiative=false&amp;Year=2023</a>. See Brandon Block, “WA intercepts millions in child support for low-income families,” Crosscut, January 25, 2024, <a href="https://crosscut.com/investigations/2024/01/wa-intercepts-millions-child-support-low-income-families">https://crosscut.com/investigations/2024/01/wa-intercepts-millions-child-support-low-income-families</a>.</p> <p><sup>ee</sup> WV Code §§ 9-9-6(d)(3); 48-18-113; “State of West Virginia FY 2021 State Plan for Temporary Assistance for Needy Families,” p. 5, <a href="https://dhhr.wv.gov/bcf/Reports/Documents/StatePlan_TANF_2021.pdf">https://dhhr.wv.gov/bcf/Reports/Documents/StatePlan_TANF_2021.pdf</a>; “West Virginia Income Maintenance Manual,” §§ 4.5.2.B. (pp. 119-120); 4.5.3.C. (p. 123); 4.5.3.D. (p. 123).</p> <p><sup>ff</sup> Wis. Stat. Ann. §§ 49.145(2)(s); 49.1452 (“paid to an individual applying for or receiving W2”); Wisconsin Department of Children and Families, “Wisconsin Works (W-2) Manual,” chapter 15.1.2.</p> <p><sup>gg</sup> Wyoming “Child Support Program Policy Manual,” chapter 14.4 (implemented on May 1, 2021 and Oct. 1, 2021). See WICSEC, “Distribution Outside the (Retained Support) Box: How States are Changing Their Policies to Pass Through Retained Support,” September 2023.</p>		

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<sup>1</sup> Vicki Turetsky is an independent consultant and former Commissioner of the Office of Child Support Services (OCSS) during the Obama Administration.

<sup>2</sup> In 2023, the child support program collected \$26.7 billion overall. Families received \$25.1 billion, or 94 percent of total collections, while states and the federal government kept \$896 million or 3 percent as reimbursement for cash assistance. Most of the remainder, \$635 million, was collected as medical support. Most medical support is paid to families to reimburse their out-of-pocket health care costs, but a portion is kept by the government to reimburse Medicaid costs. Office of Child Support Services (OCSS), “Preliminary Report FY 2023,” Table P-1, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy\\_2023\\_preliminary\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/fy_2023_preliminary_report.pdf).

<sup>3</sup> In order to receive child support, a child must have a parent who lives in a separate household. A “custodial parent” lives with the child most of the time and typically has primary responsibility for daily care. A “noncustodial parent” lives apart from the child and is responsible for paying child support to the custodial parent to help pay for the cost of raising the child. 42 U.S.C. § 654(4). We use these terms because they are more commonly understood by the public. However, in reality, family structures and parental responsibilities are more complicated and varied than the terms suggest. In recent years, state child support programs have moved away from the terms “custodial” and “noncustodial” parents, and may instead use more modern terms such as “paying parent” and “receiving parent.”

<sup>4</sup> Elaine Sorensen, “Characteristics of Custodial Parents and Their Children: Who Receives Child Support (IV-D) Services and Who Doesn’t?” OCSS, November 2021, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/characteristics\\_cps\\_and\\_their\\_children.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/characteristics_cps_and_their_children.pdf).

<sup>5</sup> Elaine Sorensen, “The Child Support Program is a Good Investment,” OCSS, 2016, [https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn\\_csp\\_is\\_a\\_good\\_investment.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn_csp_is_a_good_investment.pdf).

<sup>6</sup> OCSS, “Preliminary Report FY 2023,” table P-1.

<sup>7</sup> See, e.g., Maria Cancian and Robert Doar, “Child Support Policy: Areas of Emerging Agreement and Ongoing Debate,” McCourt School of Public Policy, Georgetown University and American Enterprise Institute, working paper delivered at the Association for Public Policy Analysis & Management 2023 Fall Research Conference, November 9, 2023, <https://www.aci.org/research-products/working-paper/child-support-policy-areas-of-emerging-agreement-and-ongoing-debate/>; Maretta McDonald *et al.*, “Factors That Impact the Child Support Program’s Role in Reducing Child Poverty: Convening Summary,” Assistance Secretary For Planning and Evaluation, Office of Human Services Policy, September 2024, <https://aspe.hhs.gov/sites/default/files/documents/d3636e92120856f652a0d796d29a886d/factors-impact-child-support-programs.pdf>.

<sup>8</sup> During the five-year period between 2018 and 2022, the number of families receiving TANF declined by 21 percent. The steady decline in TANF cases continues to affect the child support program; current assistance cases in the child support caseload declined by 24 percent and former assistance cases declined by 17 percent during the same period. Since the Deficit Reduction Act (DRA) was enacted in 2006, current assistance cases have declined by 61 percent and former assistance cases have declined by 36 percent. Office of Family Assistance (OFA), “Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2022,” table 1, <https://www.acf.hhs.gov/ofa/data/characteristics-and-financial-circumstances-tanf-recipients-fiscal-year-2022>; OFA, “Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2018,” table 1, [https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy17\\_characteristics.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy17_characteristics.pdf); OCSS, “Preliminary Report FY 2023,” table P-2; OCSS, “Annual Report to Congress FY 2006,” table 2, <https://www.acf.hhs.gov/css/report/fy-2006-annual-report-congress>.

<sup>9</sup> Vicki Turetsky and Diana Azevedo-McCaffrey, “Understanding TANF Cost Recovery in the Child Support Program,” CBPP, January 3, 2024, <https://www.cbpp.org/research/income-security/understanding-tanf-cost-recovery-in-the-child-support-program>.

<sup>10</sup> According to Census data (CPS-CSS), there were 83.4 million children under age 21 living in the United States in 2018. Of them, 22 million children lived apart from a parent, making them eligible for child support; 13 million of these children received services from the child support program. Sorensen, 2021; Timothy Grall, “Custodial Mothers and



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Fathers and Their Child Support,” Current Population Reports, P60-262, U.S. Census Bureau, May 2020, <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-269.pdf>.

<sup>11</sup> Elaine Sorensen, “2016 Characteristics of Families Served by the IV-D Program,” OCSS, December 4, 2018, <https://www.acf.hhs.gov/css/ocssedatablog/2018/12/2016-characteristics-families-served-iv-d-program>.

<sup>12</sup> In 2023, 54 percent of child support program cases were “never assistance cases” and were not subject to the cost recovery policies discussed in this paper. However, states deduct an annual \$35 service fee from collections made for families who never received cash assistance in cases with annual collections of at least \$550. In 2023, collected fees totaled \$70 million. 42 U.S.C. § 654(6)(B)(ii); OCSS, “Preliminary Report FY 2023,” tables P-1 and P-2.

<sup>13</sup> Unlike custodial parents participating in TANF, the racial and ethnic composition of custodial parents participating in the child support program is not significantly different than custodial parents who do not receive IV-D services. However, families in the child support program have significantly lower incomes than other custodial families. In 2017, 61 percent of custodial children receiving child support services had incomes below 200 percent of poverty, compared to 49 percent of custodial children not receiving child support services. Sorensen, 2021.

<sup>14</sup> OCSS reports data for “current assistance” and “former assistance” cases and collections, which include both families receiving TANF and children receiving IV-E funded Foster Care Maintenance. OCSS does not further disaggregate data to report collections in current and former TANF cases and collections. Whenever we use the terms “current assistance” or “former assistance,” we are referring to the combination of TANF and IV-E cases or collections. However, the overwhelming share of these current and former assistance cases and collections are for families receiving TANF, and only a small fraction is for children receiving IV-E cash assistance — approximately 95 percent of assigned collections apply to TANF (tables P-10, P-11, and P-12).

<sup>15</sup> The TANF requirement to participate in the child support program is called “cooperation.” 42 U.S.C. §§ 608(a)(2); 654(4) and (29); 45 C.F.R. §§ 264.30; 302.33; 302.38. Families receiving TANF are required to “assign,” or sign over to the state, their rights to child support payments that become due during the time they receive TANF. 42 U.S.C. §§ 608(a)(3); 657(a) and (b); 45 C.F.R. § 235.70; 302.50. Although families may decide to stop receiving child support services once they leave TANF, the state’s authority to collect and keep child support owed during the TANF assistance period continues until the entire amount of assigned child support is collected. 42 U.S.C. § 654(25); 45 C.F.R. § 302.38. Under 42 U.S.C. § 654(4), cooperation and assignment are also required in two other federally-funded programs— Medicaid and IV-E funded foster care. This statute also gives states the option to require cooperation (but not assignment) by SNAP participants. See Food and Nutrition Service, “Evaluation of Child Support Enforcement Cooperation Requirements in SNAP,” U.S. Department of Agriculture, June 6, 2024, <https://www.fns.usda.gov/research/snap/child-support-enforcement-requirements>. States may only use the federally-funded child support program to reimburse assistance in TANF, IV-E, and Medicaid. TANF cost recovery is by far the largest source of cost recovery dollars to federal and state governments collected through the child support program. Note that states may not keep regular child support payments to reimburse Medicaid. Instead, they may separately order a noncustodial parent to pay medical support to cover a child’s medical expenses. Medical support payments may be assigned to reimburse Medicaid. 42 U.S.C. § 1396k(a)(1); 42 C.F.R. § 433.145 and 435.610; 45 C.F.R. § 303.31 However, most collected medical support is paid to families, not Medicaid. In 2023, states collected \$635 million in combined medical support payments for families and as Medicaid reimbursement. OCSS, Preliminary Report FY 2023, table P-1.

<sup>16</sup> In 2023, states kept nearly two-thirds (63 percent) of collections made in current assistance cases, collecting \$610 million on their behalf but retaining \$386 million. Of the remaining third, almost half were passed to families and half were distributed to families as unassigned “excess payments” because they exceeded the unreimbursed assistance (URA) limit. These “excess payments” were counted as family income in determining TANF eligibility and benefits. 42 U.S.C. § 657(a)(1); OCSE-AT-97-17, “Instructions for the Distribution of Child Support Under Section 457 of the Social Security Act” (Oct. 21, 1997), <https://www.acf.hhs.gov/css/policy-guidance/instructions-distribution-child-support-under-section-457-social-security-act>; OCSS, “Preliminary Report FY 2023,” tables P-1, P-30, P-32.

<sup>17</sup> In current assistance cases, states collected \$610 million and kept \$386 million in 2023. In former assistance cases, states collected \$7.1 billion and kept \$510 million, OCSS, “Preliminary Report FY 2023,” table P-1.

<sup>18</sup> In 2023, less than 10 percent of current assistance collections were assigned IV-E foster care collections (OCSS, “Preliminary Report FY 2023,” tables P-1 and P-12). This reflects a significant one-year decline in assigned IV-E foster

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care collections. In 2022, the Children’s Bureau issued guidance providing states with more flexibility to stop referring foster care cases to the child support program. Diana Azevedo-McCaffrey, “States Should Use New Guidance to Stop Charging Parents for Foster Care, Prioritize Family Reunification,” CBPP, October 13, 2022, <https://www.cbpp.org/research/income-security/states-should-use-new-guidance-to-stop-charging-parents-for-foster-care>.

<sup>19</sup> Overall, there were 12.1 million child support program cases in 2023, including 904,690 current assistance cases, 4.6 million former assistance cases, and 6.5 million cases involving families that never received cash assistance. OCSS, “Preliminary Report FY 2023,” table P-2.

<sup>20</sup> By the time they leave TANF, most families have support orders established, and they are more likely to receive child support. The prerequisite to collecting support in a case is a support order that establishes the amount a parent is legally obligated to pay. In FY 2023, 92 percent of former assistance cases had established support orders, compared to 66 percent of current assistance cases. Among those cases with established orders, 66 percent of former assistance cases and 54 percent of current assistance cases had collections. When all cases are considered (that is, those with and without orders), 59 percent of former assistance cases and 34 percent of current assistance cases had collections. OCSS, “Preliminary Report FY 2023,” table P-2.

<sup>21</sup> 42 U.S.C. § 657(a)(6)(A) and (B).

<sup>22</sup> For an explanation of PRWORA-era distribution rules, see Vicki Turetsky, “In Everybody’s Best Interests: Why Reforming Child Support Distribution Makes Sense for Government and Families,” CLASP, September 16, 2005, <https://www.clasp.org/publications/report/brief/everybodys-best-interests-why-reforming-child-support-distribution-makes/>. As it describes the PRWORA “family-first” distribution policy, “The basic rule is simple enough: when the family is on welfare, the state is paid first. When the family is off of welfare, the family is paid first. In addition, collected support is allocated first to satisfy the current monthly obligation, with remaining support allocated to any arrears balance.”

<sup>23</sup> A number of federal bills have been introduced to eliminate assignment and cost recovery so that children receive the support they need. For Senate bills, see S. 4844, Strengthening Families for Success Act of 2020 (Van Hollen and Wyden); S. 1309, Responsible Fatherhood and Healthy Marriage Act of 2009 (Bayh); S. 1626, Responsible Fatherhood and Healthy Families Act of 2007 (Bayh and Obama); and S. 3607, Responsible Fatherhood and Healthy Families Act of 2006 (Bayh and Obama). For House bills sponsored by Rep. Danny Davis, see H.R. 8704, Strengthening Families for Success Act of 2020, H.R. 3465; Julia Carson Responsible Fatherhood and Healthy Families Act of 2017; H.R. 3005, Julia Carson Responsible Fatherhood and Healthy Families Act of 2015; H.R. 2359, Julia Carson Responsible Fatherhood and Healthy Families Act of 2013; H.R. 2193, Julia Carson Responsible Fatherhood and Healthy Families Act of 2011; H.R. 2979, Julia Carson Responsible Fatherhood and Healthy Families Act of 2009; and H.R. 3395, Responsible Fatherhood and Healthy Families Act of 2007. Between 1997 and 2005, before the DRA was enacted, at least 40 bills were introduced in the Senate and House on a bipartisan basis to increase child support family pass-through and distribution.

<sup>24</sup> Vicki Turetsky, “Ensuring Families Receive Child Support Payments,” An Evidence-Based Approach to Child Support, Ascend at Aspen Institute and Good+Foundation, revised February 2023, <https://ascend-resources.aspeninstitute.org/resources/child-support-policy-fact-sheet-paying-support-to-families/>.

<sup>25</sup> Thomas Zolot *et al.*, “Dollar for Dollar: Why the Child Support Pass-Through Makes Sense,” The Free Library, 2020 American Public Human Services Association, 2014, <https://www.thefreelibrary.com/Dollar+for+Dollar%3a+Why+the+Child+Support+Pass-Through+Makes+Sense.-a0652591389>.

<sup>26</sup> In 2023, states kept \$353 million as the state share of assigned collections to reimburse cash assistance, sending \$543 million to the federal government as the federal share. Twenty years previously, in 2004, states kept \$927 million as the state share of revenues — more than twice as much. The federal share was \$1.1 billion in 2004. OCSS, “Preliminary Report FY 2023,” table P-1; “FY 2006 Annual Report to Congress,” table 1.

<sup>27</sup> In fact, the University of Wisconsin found that a pass-through and disregard of all current support to families receiving cash assistance in the state’s W-2 program resulted no net costs to the state, since forgone state revenue was offset by reduced cash assistance costs. Daniel R. Meyer and Maria Cancian, “W-2 Child Support Demonstration Evaluation, Phase 1: Final Report, Volume I: Effects of the Experiment,” Institute for Research on Poverty, University

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of Wisconsin-Madison, April 2001,  
<https://www.irp.wisc.edu/wp/wp-content/uploads/2022/10/csde-p1v1-full-report.pdf>.

<sup>28</sup> Maria Cancian, Daniel R. Meyer, and Emma Caspar, “Welfare and Child Support: Complements, Not Substitutes.” *Journal of Policy Analysis and Management*, Vol. 27, No. 2, 354-375, 2008,  
[https://users.ssc.wisc.edu/~gwallace/Papers/Cancian,%20Meyer,%20and%20Caspar%20\(2008\).pdf](https://users.ssc.wisc.edu/~gwallace/Papers/Cancian,%20Meyer,%20and%20Caspar%20(2008).pdf); Meyer and Cancian, 2001; Kye Lippold, Austin Nichols, and Elaine Sorensen, “Evaluation of the \$150 Child Support Pass-Through and Disregard Policy in the District of Columbia,” Urban Institute, March 29, 2013,  
<https://www.urban.org/research/publication/evaluation-150-child-support-pass-through-and-disregard-policy-district-columbia>.

<sup>29</sup> Sorensen, 2021.

<sup>30</sup> *Ibid.*

<sup>31</sup> Sorensen, 2016.

<sup>32</sup> Wei-Yin Hu, “Child Support, Welfare Dependency, and Women’s Labor Supply,” *Journal of Human Resources*, Vol. 34, No. 1, 71-103, January 1999, <https://doi.org/10.2307/146303>, <https://www.jstor.org/stable/146303?origin=crossref>; Maria Cancian and Daniel R. Meyer, “Child Support Demonstration Evaluation Research Summary,” University of Wisconsin-Madison, Institute for Research on Poverty, January 2007,  
[https://www.researchgate.net/publication/255666384\\_THE\\_CHILD\\_SUPPORT\\_DEMONSTRATION\\_EVALUATION\\_RESEARCH\\_SUMMARY](https://www.researchgate.net/publication/255666384_THE_CHILD_SUPPORT_DEMONSTRATION_EVALUATION_RESEARCH_SUMMARY).

<sup>33</sup> Yoonsook Ha, Maria Cancian, and Daniel R. Meyer, “The Regularity of Child Support and Its Contribution to the Regularity of Income,” *Social Service Review*, Vol. 85, No. 3, September 2011, DOI: 10.1086/661923,  
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<sup>37</sup> *Ibid.* A University of Wisconsin study found that for divorced parents, child support has the effect of equalizing income between mothers and fathers, so that children benefit from the resources of both parents. For never-married couples, fathers have a slight advantage in pre-tax/transfer income, but mothers are likely to be better off when measured by post-child support income, even after adjusting for the costs associated with children. Yoonsack Ha, Maria Cancian, and Daniel R. Meyer, “Child Support and Income Inequality,” *Poverty & Public Policy*, Vol. 10, June 2018, [https://www.researchgate.net/publication/325582492\\_Child\\_Support\\_and\\_Income\\_Inequality](https://www.researchgate.net/publication/325582492_Child_Support_and_Income_Inequality).

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<sup>44</sup> Lisa Klein Vogel, “Barriers to Meeting Formal Child Support Obligations: Noncustodial Father Perspectives,” *Children and Youth Services Review*, Vol. 110, No. 2, March 2020, [https://www.researchgate.net/publication/338554399\\_Barriers\\_to\\_Meeting\\_Formal\\_Child\\_Support\\_Obligations\\_Noncustodial\\_Father\\_Perspectives](https://www.researchgate.net/publication/338554399_Barriers_to_Meeting_Formal_Child_Support_Obligations_Noncustodial_Father_Perspectives); Samara Potter Gunter, “Effects of Child Support Pass-Through and Disregard Policies on In-Kind Child Support,” *Review of Economics of the Household*, Vol. 11, January 18, 2012, <https://link.springer.com/article/10.1007/s11150-012-9140-2>.

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<sup>46</sup> Lippold *et al.*, 2013.

<sup>47</sup> Michael Martinez-Schiferi, Tom Zolot and Larry Desbien, “Poster Paper: Effects of Child Support Pass through on Colorado Families in Need,” Colorado Department of Human Services, November 7, 2019, <https://appam.confex.com/appam/2019/webprogram/Paper30963.html>.

<sup>48</sup> Unpublished data analysis provided by Letitia Logan Passarella, Research Director of Family Welfare Research, University of Maryland School of Social Work (on average, TANF families with collections received child support for seven months out of the year); Cynthia Miller *et al.*, “The Interaction of Child Support and TANF: Evidence from Samples of Current and Former Welfare Recipients,” MDRC, January 2005, <https://www.mdrc.org/publication/interaction-child-support-and-tanf>.

<sup>49</sup> Haley Smith and Lauren A. Hall, “Maryland’s Child Support Pass-through Policy: Exploring Impacts on TCA Families,” School of Social Work, University of Maryland, October 2021 (40 percent of TANF families received a pass-through payment each month during the study period), <https://familywelfare.umaryland.edu/reportsearch/content/reports/welfare/Pass-Through-Impacts-on-TCA-Families.pdf>.

<sup>50</sup> Payment regularity depends upon the amount and stability of noncustodial parent employment. Ha, Cancian, and Meyer, 2011.

<sup>51</sup> OCSS, “Preliminary Report FY 2023,” table P-2.

<sup>52</sup> In 2023, 53 percent of current assistance cases with support orders had collections and 64 percent of former assistance cases with support orders had collections. OCSS, “Preliminary Report FY 2022,” table P-2.

<sup>53</sup> Because Maryland has a higher collection rate than the national average, the amounts collected for TANF families with collections in Maryland may not be representative of other states, and OCSS does not report this data for each state. We estimate that the child support program nationally may collect closer to \$215 per month on average for those TANF families with collections. This estimate is based on a cross-comparison of published OCSE and OFA national data. (The sample size collected by the Census Bureau is too small to be meaningful.) Nationwide, current assistance cases with collections received on average \$1,824.41 per year, or \$152.03 per month (including current monthly support and arrears) in FY 2022. However, this amount likely understates the average support amount received by families currently

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receiving TANF. This is partly because the average support amount is calculated based on child support cases, not families. Some families have collections in more than one child support case; we estimate that TANF families have on average 1.2 cases. In addition, “current assistance cases” include IV-E funded foster care cases and cases with adult children who no longer have monthly support obligations — both of which may yield lower average collections than TANF-only cases. We estimate that 80 percent of current assistance cases involve TANF families. We also estimate that 80 percent of these TANF families are referred for child support services nationwide. There were 804,193 TANF families and 940,451 current assistance cases in 2021. About 1.43 million children receive TANF, while over 391,000 children are in foster care. TANF households have 1.8 children on average. Child Welfare Information Gateway, “Key Facts and Statistics,” Children’s Bureau, 2023, <https://www.childwelfare.gov/fostercaremonth/awareness/facts/>; OFA, “Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2021,” tables 4, 28, and 39; OCSS, “Preliminary Report FY 2022,” tables P-1, P-2, P-6.

<sup>54</sup> The *median* amount collected in the state for Maryland families receiving TANF who had an active child support case and collections in 2022 was \$231 per month, including \$119 in current support and \$104 in arrears. (Monthly collections were annualized, that is, collections made during the year were divided by 12 months.) The unpublished data analysis was provided to the authors by Letitia Logan Passarella, Research Director of Family Welfare Research, University of Maryland School of Social Work. The authors thank Passarella, along with Kevin P. Guistwite, Executive Director, Child Support Administration, Maryland Department of Human Services. The University of Maryland determined that noncustodial parents in the state who earned no more than full-time minimum wages (\$18,200 in 2017) paid a median annual amount of about \$2,038. The University of Maryland also has consistently found that families that leave TANF and have an order for current support receive a median annual amount of over \$2,000 in child support payments in the first year after exit. Haley Smith, Lauren Hall, and Letitia Logan Passarella, “Life After Welfare: 2022 Annual Update,” School of Social Work, University of Maryland, [https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/Life-after-Welfare\\_-2022.pdf?&](https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/Life-after-Welfare_-2022.pdf?&). OCSS reports on current assistance cases and collections (combining TANF and IV-E foster care cases), and does not separately break out TANF cases and collections. In FY 2022, the child support program collected on average \$1,824, including current monthly support and arrears, in current assistance *cases* with any collections. It may be that child support collections in TANF cases are higher than in IV-E foster care cases. In addition, collections are reported based on child support cases, not families. Some families have collections in more than one child support case, which can increase the collections made for a family. OCSS, “Preliminary Report FY 2022,” tables P-1, P-2, P-6.

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<sup>56</sup> Thomas Zolot *et al.*, “Dollar for Dollar: Why the Child Support Pass-Through Makes Sense,” The Free Library, 2020 American Public Human Services Association, 2014, <https://www.thefreelibrary.com/Dollar+for+Dollar%3a+Why+the+Child+Support+Pass-Through+Makes+Sense.-a0652591389>.

<sup>57</sup> Nonrecurring lump-sum payments are excluded from income. Also, income that is received too infrequently or irregularly to be reasonably anticipated is excluded, but not in excess of \$30 in a quarter. 7 C.F.R. § 273.9 (c)(2) and (8); 7 C.F.R. § 273.9(b)(2)(i) and (iii), (b)(5)(ii), (c)(2), (c)(8), and (c)(18)(vi). See CBPP, “A Quick Guide to SNAP Eligibility and Benefits,” updated March 3, 2023, <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>.

<sup>58</sup> 7 C.F.R. § 273.9(b)(2)(i) and (iii), (b)(5)(ii), (c)(2), (c)(8), and (c)(18)(vi). See CBPP, “A Quick Guide to SNAP Eligibility and Benefits,” updated March 3, 2023, <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>.

<sup>59</sup> Unlike SNAP, child support and other unearned income are counted dollar for dollar in calculating SSI benefits. Social Security Administration, “Understanding Supplemental Security Income (SSI) Income,” 20243 edition, <https://www.ssa.gov/ssi/text-income-ussi.htm>.

<sup>60</sup> However, the SNAP benefits of most families were not significantly affected by the pass-through policy. Smith and Hall, 2021.

<sup>61</sup> Zolot *et al.*, 2014.

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- <sup>80</sup> Grall, 2020. In the most recent sample of the Current Population Survey-Child Support Supplement (CPS-CSS) conducted by the U.S. Census Bureau, the top two reasons given by custodial parents are because they “did not feel the need to make it legal” (39 percent) and “the other parent provides what he or she can” (38 percent).
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<sup>86</sup> Note: because studies using census data typically use the term Hispanic, this report uses the terms Latine and Hispanic interchangeably when the discussion is applicable to both groups. This language does not necessarily reflect how everyone who is part of this community would describe themselves. For example, gender-inclusive terms like “Latinx” and “Latine” can also be used to refer to this population. These terms have emerged in recent years to represent the diversity of gender identities and expressions that are present in the community.

<sup>87</sup> Lippold *et al.*, 2013; Cancian, Meyer, and Caspar, 2008; Cancian and Meyer, 2001.

<sup>88</sup> In addition, almost half (49 percent) of TANF cases were child-only cases with no adult participant. OFA, “Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2022,” tables 1, 5, 6, 7, 17, 18, and 19, [https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy2022\\_characteristics.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy2022_characteristics.pdf).

<sup>89</sup> Grall, 2020; although the poverty rate for custodial parents receiving child support services is not reported, the poverty rate is 33 percent for children receiving child support services. Sorensen, 2021.

<sup>90</sup> Grall, 2020. In 2018, women represented over 90 percent of custodial parents receiving child support services. Sorensen, 2021.

<sup>91</sup> Among all custodial *mothers*, 44 percent are white, 28 percent are Black, 24 percent are Hispanic, and 5 percent have other backgrounds. Although not highlighted in the Census Bureau report, 2018 CPS-CSS data indicate that the racial and ethnic backgrounds of custodial mothers who participate in the child support program are not significantly different than those of custodial mothers as a whole. However, Black and Hispanic women are more likely to be custodial mothers, and therefore more likely to participate in the child support program. Among custodial *parents* (mothers and fathers) participating in the child support program, 47 percent are white, 24 percent are Black, 24 percent are Hispanic, and 5 percent have other backgrounds. Among custodial parents not participating, 50 percent are white, 24 percent are Black, 24 percent are Hispanic, and 5 percent have other backgrounds. Grall, 2020; Sorensen, 2021. [https://www.acf.hhs.gov/sites/default/files/documents/ocse/characteristics\\_cps\\_and\\_their\\_children.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ocse/characteristics_cps_and_their_children.pdf).

<sup>92</sup> Robin Bleiweis, Diana Boesch, and Alexandra Cawthorne Caines, “The Basic Facts About Women in Poverty,” Center for American Progress, August 3, 2020, <https://www.americanprogress.org/article/basic-facts-women-poverty/>.

<sup>93</sup> *Ibid.*; CBPP, “TANF and Domestic Violence: Cash Assistance Matters to Survivors,” October 26, 2021, <https://www.cbpp.org/research/family-income-support/tanf-and-domestic-violence-cash-assistance-matters-to-survivors>. See Office of Child Support Services, “Domestic Violence Resources, Training, and Collaboration,” OCSE-IM-22-04, October 28, 2022, <https://www.acf.hhs.gov/css/policy-guidance/domestic-violence-resources-training-and-collaboration>; Jessica Pearson, Nancy Thoennes, and Esther Ann Griswold, “Child Support and Domestic Violence: The Victims Speak Out,” *Violence Against Women*, Vol. 5, No. 4, April 1999, <https://journals.sagepub.com/doi/10.1177/10778019922181293>.

<sup>94</sup> Yuan-Chiao Lu *et al.*, “Inequalities in Poverty and Income between Single Mothers and Fathers,” *International Journal of Environmental Research and Public Health*, Vol. 17, No. 1, January 2020, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6982282/>.

<sup>95</sup> Diana Azevedo-McCaffrey, “To Honor Women’s History Month, Strengthen Care Infrastructure and Care Workforce,” CBPP, March 23, 2022, <https://www.cbpp.org/blog/to-honor-womens-history-month-strengthen-care-infrastructure-and-care-workforce>.

<sup>96</sup> Clary *et al.*, 2017; Furstenberg *et al.*, 1992.



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<sup>97</sup> Sorensen, 2016.

<sup>98</sup> In Maryland, 90 percent of noncustodial parents with a child support order who earned a full-time minimum wage or less paid some current support but paid less than half (45 percent) of the ordered amount. The current support payments they made were 31 percent of their earnings. They were ordered to pay 61 percent of their earnings to child support. “Maryland Effects on Earnings on NCP Payment Compliance,” University of Maryland School of Social Work, 2018 (2017 data), [https://news.dhs.mymdthink.maryland.gov/wp-content/uploads/2018/10/Noncustodial-Parent-Snapshots\\_July-2017-Carroll-Co..pdf](https://news.dhs.mymdthink.maryland.gov/wp-content/uploads/2018/10/Noncustodial-Parent-Snapshots_July-2017-Carroll-Co..pdf)

<sup>99</sup> Lauren A. Hall, Letitia Logan Passarella, and Catherine E. Born, “Who Pays Child Support? Noncustodial Parents’ Payment Compliance,” University of Maryland School of Social Work, May 2014, <https://www.ssw.umaryland.edu/media/ssw/fwrtg/child-support-research/cs-caseload-special-issues/paymentcompliance.pdf>.

<sup>100</sup> Yoonsook Ha *et al.*, “Factors Associated with Nonpayment of Child Support,” Institute for Research on Poverty, University of Wisconsin-Madison, September 2008, <https://www.irp.wisc.edu/resource/factors-associated-with-nonpayment-of-child-support/>.

<sup>101</sup> Lisa Klein Vogel, “Challenges and Opportunities for Engaging Noncustodial Parents in Employment and Other Services,” Institute for Research on Poverty, University of Wisconsin-Madison, revised 2019; Yoonsook Ha, Maria Cancian, and Daniel R. Meyer, “Child Support and Income Inequality,” *Poverty & Public Policy*, Vol. 10, No. 2, 147-158, June 2018, DOI:[10.1002/pop4.215](https://doi.org/10.1002/pop4.215); Holcomb *et al.*, 2015; Darrick Hamilton, Algernon Austin, and William Darity, Jr., “Whiter Jobs, Higher Wages: Occupational segregation and the lower wages of black men,” Economic Policy Institute, February 28, 2011, <https://files.epi.org/page/-/BriefingPaper288.pdf>; Devah Pager, Bruce Western, and Bert Bonikowski, “Discrimination in a Low-Income Wage Market: A Field Experiment,” *American Sociological Review*, Vol. 74, 2009, <https://scholar.harvard.edu/files/bonikowski/files/pager-western-bonikowski-discrimination-in-a-low-wage-labor-market.pdf>.

<sup>102</sup> Ashley Nellis, “The Color of Justice: Racial and Ethnic Disparity in State Prisons,” Sentencing Project, October 2021, <http://cdn.cnn.com/cnn/2021/images/10/13/the-color-of-justice-racial-and-ethnic-disparity-in-state-prisons.pdf>.

<sup>103</sup> Vicki Turetsky, “Reducing Arrears: Implementing Sensible Debt Reduction Strategies,” Ascend at Aspen Institute and Good+Foundation, revised February 2023, <https://ascend-resources.aspeninstitute.org/resources/child-support-policy-fact-sheet-reducing-arrears/>; Vicki Turetsky, “Providing Equal Access to Justice,” Ascend at Aspen Institute and Good+Foundation, January 2023, <https://ascend-resources.aspeninstitute.org/resources/providing-equal-access-to-justice/>; Vicki Turetsky and Maureen Waller, “Piling on Debt: The Intersections Between Child Support Arrears and Legal Financial Obligations,” *UCLA Criminal Justice Law Review*, Vol. 4, No. 1, 2020, <https://escholarship.org/uc/item/7vd043jw>. Black and Hispanic custodial and noncustodial parents are overrepresented in the child support program. Although there is ample evidence that child support enforcement policies and practices exacerbate existing income disparities among noncustodial parents with low incomes, there is limited research examining whether child support policies generate specific racial and ethnic disparities that are distinct from income disparities. See Yoona Kim, Katarina Liptrot-Ploch, and Daniel R. Meyer, “Racial and Ethnic Disproportionality and Disparity in Child Support: A Scoping Review,” University of Wisconsin-Madison, rev. January 2024, <https://www.irp.wisc.edu/wp/wp-content/uploads/2024/01/CSRA-22-24-T7-01042024.pdf>.

<sup>104</sup> Maretta D. McDonald, “Looking at the Impact of Race on Child Support Enforcement Outcomes,” Southeastern Louisiana University 2016 (unpublished thesis). Although there were no significant differences in child support enforcement actions based on race, the TANF status of custodial parents was associated with increased use of punitive enforcement actions against noncustodial parents. See Steven T. Cook, “Child Support Enforcement Use of Contempt and Criminal Nonsupport Charges in Wisconsin,” Institute for Research on Poverty, University of Wisconsin-Madison, 2015, <https://www.irp.wisc.edu/wp/wp-content/uploads/2018/06/CS-2009-11-Task7B-Cook.pdf>. (Black noncustodial parents were much more likely than white parents to have a warrant issued for failing to show up for a contempt hearing or to comply with contempt conditions, but they were less likely to be picked up on the warrant and jailed. Younger parents, parents with no or low earnings, and parents with high debts were the most likely to have warrants issued, but the likelihood of being picked up and jailed did not increase.)

<sup>105</sup> Cancian, Meyer, and Caspar, 2008; Meyer and Cancian, 2001; Lippold, Nichols, and Sorensen, 2013.

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<sup>106</sup> Turetsky, 2000.

<sup>107</sup> 42 U.S.C. § 657(a)(6)(B).

<sup>108</sup> “Fill-the-gap” budgeting is an AFDC policy which allows families receiving TANF to keep support payments without reducing assistance up to a certain income level (called “standard of need”). 42 U.S.C. § 657(d). Five states (Delaware, Maine, Georgia, South Carolina, and Tennessee) have continued fill-the-gap budgeting in their TANF programs under a provision included in PRWORA. See Turetsky and Azevedo-McCaffrey, 2024.

<sup>109</sup> 42 U.S.C. § 657(a)(6)(B).

<sup>110</sup> 42 U.S.C. § 657(a)(2).

<sup>111</sup> 42 U.S.C. § 654(34). The distribution statute, 42 U.S.C. § 657, does not include PRWORA distribution language. That is because the PRWORA language was superseded by the DRA. The only reference in existing federal statute to the federal tax offset exception is contained in the state plan statute, § 654(34).

<sup>112</sup> 42 U.S.C. § 657(a)(2)(B)(ii)(II).

<sup>113</sup> 42 U.S.C. § 657(a)(6)(A).

<sup>114</sup> 42 U.S.C. § 657(b)(1) and (2). See OCSE-AT-07-05.

<sup>115</sup> Alaska, Arkansas, Connecticut, Colorado, Florida, Hawai’i, Indiana, Iowa, Kansas, Massachusetts, Minnesota, Mississippi, New Hampshire, New Jersey, North Dakota, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virgin Islands, West Virginia, Wisconsin. Turetsky, “Ensuring Families Receive Child Support Payments,” 2023.

<sup>116</sup> This is particularly true for states that already distribute support under a TANF fill-the-gap policy — including Delaware, Georgia, Maine, South Carolina, and Tennessee.

<sup>117</sup> The FMAP is used to determine the federal share of costs for Medicaid and certain other state programs. HHS, “Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children’s Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2023 Through September 30, 2024,” 87 FR 74432, December 5, 2022, <https://www.federalregister.gov/documents/2022/12/05/2022-26390/federal-financial-participation-in-state-assistance-expenditures-federal-matching-shares-for>.

<sup>118</sup> For a state-by-state list of TANF cash benefit levels, see Gina Azito Thompson, Diana Azevedo-McCaffrey, and Da’Shon Carr, “Increases in TANF Cash Benefit Levels Are Critical to Help Families Meet Rising Costs,” CBPP, updated February 3, 2023, <https://www.cbpp.org/research/family-income-support/more-states-raising-tanf-benefits-to-boost-families-economic-security>.

<sup>119</sup> Fill-the-gap budgeting means that certain kinds of income do not count against a family’s TANF benefit until their income reaches a certain level. See Turetsky and Azevedo-McCaffrey, 2024.

<sup>120</sup> 42 U.S.C. § 609(a)(7)(B)(I)(aa); OCSE-AT-07-05, “Assignment and Distribution of Child Support Under Sections 408(a)(3) and 457 of the Social Security Act,” July 11, 2007, <https://www.acf.hhs.gov/css/policy-guidance/assignment-and-distribution-child-support-under-sections-408a3-and-457-social>.

<sup>121</sup> One technical issue for states to work through when they implement DRA distribution is the timing of disbursing current support payments made from federal tax offsets. States have authority to hold federal tax offset collections for six months when an “innocent spouse” has a potential claim to a tax refund. 45 U.S.C. § 664(a)(3); 45 C.F.R. § 303.72(h)(5); OCSE-AT-07-05.

<sup>122</sup> Paul Legler and Vicki Turetsky, “More Child Support Dollars to Kids: Using New State Flexibility in Child Support Pass-through and Distribution Rules to Benefit Government and Families,” CLASP and Policy Studies, Inc., July 30, 2006, <https://www.clasp.org/publications/report/brief/more-child-support-dollars-kids-using-new-state-flexibility-child-support/>; November 1, 1999 letter to Ron Haskins, Subcommittee on Human Resources, U.S. Committee on Ways and Means, U.S. House of Representatives from Robert Williams, President, Policy Studies, Inc. (in author’s possession). In 2023, nationwide program expenditures were \$6.4 billion annually: 6 percent of these expenditures equals \$387 million.

# **SB 703- SUPP - FIN - TCA Pass Thru of Child Suppo**

Uploaded by: Henry Bogdan

Position: FAV

February 19, 2025

**Testimony on Senate Bill 703**  
**Family Investment Program and Supplemental Nutrition Assistance**  
**Program Benefits - Child Support**  
**Senate Finance Committee**

**Position: Favorable**

Maryland Nonprofits is a statewide association of nonprofit organizations and institutions of all sizes serving Marylanders and communities across the entire state.

We urge you to support Senate Bill 703, that requires the State to pass through all child support collections to Temporary Cash Assistance (TCA) families without making a corresponding decrease to the benefit amount.

When non-custodial parents know that the funds they contribute are distributed to their children, they are more likely to make a payment. These child support payments have a positive impact on child development – such as higher cognitive skills and stronger emotional development- and can reduce incidents of child maltreatment.

Families on TCA live in deep poverty: the benefit amount is only statutorily required to meet 61.25% of the Maryland Minimum Living Level when combined with SNAP. Adding additional income to a low-income family's household budget through a full child support pass-through and disregard policy would have a dramatic effect on the family's ability to meet their basic needs.

In FY 2023, 31% of families on TCA had an established child support order, and only two out of five of those families received a pass-through payment. For the typical family, the additional support raised the household's quarterly income by 11%. While this is an important start, states like Colorado, Michigan, and Illinois, have seen great success with passing through the full child support collected, and Maryland should follow their lead in the effort to increase family stability.

We urge you to give Senate Bill 703 a favorable report.

**SB 703\_MD Center on Economic Policy\_FAV.pdf**

Uploaded by: Kali Schumitz

Position: FAV

# Child Support Payments Should Support Families, not Government

## Position Statement in support of Senate Bill 703


*Given before the Senate Finance Committee*

When a Maryland parent makes a child support payment to a custodial parent who currently receives or previously received Temporary Cash Assistance (TCA), the parent caring for their child doesn't necessarily receive the full amount of those funds; a portion instead goes to the federal and state government.

Strengthening Maryland's child support pass-through and disregard policy for families receiving TCA would improve economic security for families who are struggling to make ends meet, increase formal payments made by non-custodial parents, and support the local economy. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 703.

Under current law, passed in 2017, a portion of child support payments made to TCA recipients goes to the custodial parent – up to \$100 per month for one child and up to \$200 per month for two or more children. This amount is also “disregarded” – not counted as income – when determining the family's TCA benefit amount. However, any child support paid over that amount, even when the state is collecting months of child support arrears in a larger lump sum, is still retained by Maryland and split between the state and federal government to recoup the cost of providing assistance. Further, the state has still maintained the practice of retaining a portion of child support payments from families who previously received TCA to recover the cost of providing assistance. (We anticipate the issue of former TCA recipients will be addressed by sponsor amendments.)

While current law is an improvement over prior practices, this system still creates a disincentive for non-custodial parents to make child support payments because the money does not all go toward supporting their child. Instead, evidence shows that they are more likely to make informal payments directly to the custodial parent, which creates potential legal problems for both parents, even when they are focusing on their child's best interest, and can lead to declining support payments.<sup>1</sup> Even following the relatively short duration that a custodial parent may receive TCA, it is unlikely that the non-custodial parent will begin making formal child support payments, since research shows that once a parent stops engaging with the child support system the



chances that they will reengage are low.<sup>ii</sup> Passing through all child support payments to the parent caring for the children provides motivation for non-custodial parents to make, and continue making, formal payments, since their children will benefit from the money.

Recently, several states that have seen the benefits of the partial pass-through system that Maryland has today have built on that to offer full pass-through of child support payments.<sup>iii</sup> Colorado, Michigan and Minnesota now allow 100% of child support payments to go to the family, and Illinois and California have passed, and are in the process of enacting, similar policies.

Allowing families to retain all child support would make a significant difference in children's wellbeing. Even with cash assistance, TCA families still struggle to afford basic necessities. With cash and food assistance combined, families still only receive 61.25% of the Maryland Minimum Living Level. Any additional funds make a huge difference, helping pay for things like diapers, clothing, and school supplies. Receiving child support also makes it easier for families to get by when they stop receiving cash assistance. Most TCA families still live on incomes below the federal poverty level after exiting TCA.<sup>iv</sup>

Finally, keeping more money in the pockets of Maryland families will benefit communities as well. This money will go directly to some of the poorest families in Maryland, who are then able to put it back into the local economy by purchasing food, clothing, and other necessities.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee give a favorable report to SB 703.**

## Equity Impact Analysis: SB 703

### *Summary*

SB 703 would ensure that all child support payments paid to families who receive Temporary Cash Assistance go to the family.

### *Background*

In 2017, Maryland passed legislation that went into effect in 2019 that allowed a portion of child support paid to TCA recipients to go to the parent who is caring for children -- \$100 for one child and \$200 for multiple children. That amount is also not counted as income when determining eligibility for TCA. Any funds above that amount are split between the state and federal government as “cost recovery” for providing benefits. A portion of lump sum payments or child support arrears also goes to the government for cost recovery.

Recently, several states that have seen the benefits of the partial pass-through system that Maryland has today have built on that to offer full pass-through of child support payments. Colorado, Michigan and Minnesota now allow 100% of child support payments to go to the family, and Illinois and California have passed, and are in the process of enacting, similar policies.

### *Equity Implications*

Due to historical disinvestment and discriminatory employment and housing practices against communities of color, Marylanders of color tend to have higher levels of economic insecurity, which makes them more likely to be eligible for family income support programs. Specifically, in the state fiscal year 2023, about two-thirds of adults in Maryland’s TANF program were Black; this is also likely true for the children receiving cash assistance.<sup>v</sup> Research shows that increasing economic security for households through programs like TCA can help reduce overall poverty, child poverty, and racial and ethnic inequities.

### *Impact*

SB 703 would likely **improve racial and economic equity** in Maryland

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<sup>i</sup> Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive; Vicky Turetsky and Diana Azevedo-McCaffrey; Center on Budget and Policy Priorities; Oct. 8, 2024, <https://www.cbpp.org/research/income-security/directing-child-support-payments-to-families-not-government-would-help>

<sup>ii</sup> More Child Support Dollars to Kids: Using New State Flexibility in Child Support Pass-Through and Distribution Rules to Benefit Government and Families, Paul Legler and Vicki Turetsky, Center for Law and Social Policy, July 2006. <http://www.clasp.org/resources-and-publications/files/0305.pdf>





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iii Turetsky and Azevedo-McCaffrey

iv Life After Welfare 2024 Annual Update, Hayley Smith, Lauren Schuyler, and Letitia Passarella, *University of Maryland School of Social Work* <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/Life-after-Welfare,-2024.pdf>

v Smith, H., & Passarella, L.L. (2023). Life on welfare, 2022: Temporary cash assistance in the pandemic recovery. *University of Maryland School of Social Work*. <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-on-welfare/Life-on-Welfare,-2022.pdf>

# **SB 703 - Family Investment Program and Supplementa**

Uploaded by: Kam Bridges

Position: FAV

# JOTF JOB OPPORTUNITIES TASK FORCE

*Advocating better skills, jobs, and incomes*

## Testimony for Senate Bill 703

### Family Investment Program and Supplemental Nutrition Assistance Program Benefits - Child Support

TO: Hon. William C. Smith, Jr, Chair, and Members of the Senate Judicial Proceedings Committee

FROM: Job Opportunities Task Force

DATE: February 19, 2024

POSITION: Support

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. **JOTF supports Senate Bill 703.**

This bill is at its core an anti-child poverty bill that aligns with Governor Wes Moore's commitment to ending child poverty in MD, as expressed through the passage and priorities expressed via the ENOUGH ACT last session. It ensures that all child support in Maryland goes directly to the child and custodial parent instead of being kept by the State for cost recovery.

According to the most recent review of Maryland's child support system, 62% of custodial parents either currently or previously received temporary cash assistance, or TCA. As a result, a high percentage of Marylanders are having child support payments for their children are being intercepted to various degrees.

TCA and other benefits alone do not provide enough income to pull a family out of poverty. Low-income families should also receive the entirety of child support payments, which has been proven to be an important anti-poverty program. Passing through all child support in other states has been shown to increase family income and improve financial stability, reduce the need for CPS involvement, increase non-custodial parental involvement, and increase non-custodial parents' frequency and amount of child support payments.

This administration and the Maryland General Assembly have signaled their commitment to the eradication of child poverty and uplifting low income families. Allowing child support to pass through to reach the families in need of it is a common sense step in achieving that goal.

**For these reasons, JOTF supports Senate Bill 703 and urges a favorable report.**

**For more information, contact:**

Kam Bridges / Public Policy Advocate / [Kam@jotf.org](mailto:Kam@jotf.org)

# **SB 703 - MFN - TCA Pass Through - FAV.pdf**

Uploaded by: Lisa Kligenmaier

Position: FAV



**Testimony Concerning SB 703**  
**Family Investment Program and Supplement Nutrition Assistance Program Benefits –**  
**Child Support**  
Senate Finance Committee  
February 19, 2025

**Position: Support**

**Maryland Family Network (MFN) strongly supports SB 703**, which requires the Department of Human Services to pass through all child support collected to families on Temporary Cash Assistance (TCA) and to disregard this income when calculating benefit amounts for TCA and Supplemental Nutrition Assistance Program (SNAP).

MFN has worked since 1945 to improve the availability and quality of child care and other vital supports for children and families in Maryland. We have been active in state and federal debates on policies that serve children and families and are strongly committed to ensuring that children and their caregivers have access to the resources and opportunities they need to thrive.

**Passing through all child support collected and disregarding it for public benefit determinations improves outcomes for low-income children and increases parental involvement.** Research studies confirm that non-custodial parents are more likely to make child support payments when pass-through policies are in place, as parents know the funds are being directly distributed to their children, instead of being kept by the state.<sup>1</sup> These child support payments have a positive impact on child development – such as higher cognitive skills and stronger emotional development- and can reduce incidents of child maltreatment.<sup>2</sup>

**SB 703 builds upon the successful partial child support pass-through and disregard policy that Maryland passed in 2017 and enacted in 2019.** Since July 1, 2019, TCA families can receive up to \$100 in pass-through for one child and up to \$200 for two or more children, and this amount is disregarded in calculating their TCA benefit amount. In FY 2023, 31% of families on TCA had an established child support order, and of those families, two out of five received a pass-through payment.<sup>3</sup> For the typical family, the additional support raised the household's quarterly income by 11%.<sup>4</sup> However, this policy has not increased the percentage of TCA families with an order for child support or the percentage of payments

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<sup>1</sup> Zolot T, Martinez-Schiferl M, Desbien L, Kauffmann M. (2020). Dollar for dollar: Why the child support pass-through makes sense. Policy & Practice. <https://www.thefreelibrary.com/Dollar+for+Dollar%3A+Why+the+Child+Support+Pass-Through+Makes+Sense.-a0652591389>

<sup>2</sup> Cancian, M., Yang, M., & Slack, K. (2013). The effect of additional child support income on the risk of child maltreatment. Social Service Review, 87(3), 417-437. <https://doi.org/10.1086/671929>

<sup>3</sup> University of Maryland School of Social Work. March 2024. *Life on Welfare: Temporary Cash Assistance Families & Recipients, 2023*. <https://www.ssw.umaryland.edu/media/ssw/fwrtq/welfare-research/life-on-welfare/Life-on-Welfare,-2023,-updated-12-2024.pdf>

<sup>4</sup> Smith H, Hall LA. (2021). Maryland's child support pass-through policy: Exploring impacts on TCA families. University of Maryland. <https://www.ssw.umaryland.edu/media/ssw/fwrtq/welfare-research/work-supports-and-initiatives/Pass-Through-Impacts-on-TCA-Families.pdf>



being made, as states with full child support pass-through have seen.<sup>5</sup> **Passing through the full amount of child support – instead of the partial amounts that Maryland currently allows – would provide additional income for extremely low-income families and increase the likelihood more families will establish child support orders, and that the orders would be fulfilled.**

**Implementing full child support pass-through and disregard increases economic stability for Maryland families living in deep poverty and would provide a boost to local businesses.**

While TCA is a critical safety net, the benefit amount is only statutorily required to meet 61.25% of the Maryland Minimum Living Level when combined with SNAP, leaving families struggling to make ends meet on an amount that is – by definition – not enough to live on in Maryland. Consequently, any increase in a household’s income – like full child support pass-through – will be immediately spent in the local economy to meet the families’ basic needs. A 2019 report projected that establishing full pass-through of all child support collected – like proposed in SB 703 - could reduce the child poverty rate by 0.5%, which would correspondingly reduce state spending on safety-net programs.<sup>6</sup>

Full child support pass-through and disregard promotes family economic stability, benefits low-income children, and strengthens Maryland communities. **Maryland Family Network respectfully urges a favorable report on SB 703.**

Submitted by: Lisa Klingenmaier, Deputy Director of Public Policy

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<sup>5</sup> Ibid.

<sup>6</sup> Minton S, Giannarelli L, Werner K, Tran V. (2019). Reducing child poverty in the U.S.: An updated analysis of policies proposed by the children’s defense fund. Urban Institute. <https://www.urban.org/research/publication/reducing-child-poverty-us-updated-analysis-policies-proposed-childrens-defense-fund>

**MN\_SB703\_FAV.pdf**

Uploaded by: Margaret Neal

Position: FAV

Good afternoon Senators, my name is Margaret Neal and I am testifying today in support of SB 703 because the way the current system works is wrong.

As a single mother and sole provider for my family, I lived this reality for years with my two children – my son Maurtice, who has special needs, and my daughter Brittney.

After leaving recovery and trying to establish my career, I got on TCA so I could provide for my family and benefit from their work program. I received about \$750 monthly, but trying to survive on that was incredibly stressful. With two kids at home, one with special needs, and nobody to watch the children, it was really hard. So many times, I felt like I wanted to give my son up because TCA and SNAP just weren't enough. I struggled with getting daycare for him because of his special needs.

I was owed several hundred dollars a month in child support, but when I got my check, I was only getting \$160 because child support was keeping the money to "pay back" my TCA. That extra money could have helped me with so many things. I could have gotten nicer housing in a safer neighborhood. I could have paid someone to watch my son while I worked or looked for jobs. I could have enrolled my daughter in dance classes she loved but I couldn't afford.

I just feel like if you have a state-funded program that's supposed to help mothers and kids, why would you keep the money that a father should be providing for their children? What is the purpose of TCA if you're going to do that? You have these mothers who need support from the government. They're trying to make things work with that small amount of money, and when they finally feel hope that they're going to be able to make it because they're going to get child support, they get one more disappointment.

I ask for a favorable report on SB 703.



**HPRP\_Favorable Written Testimony\_SB 703.pdf**

Uploaded by: Michelle Madaio

Position: FAV



## **HOMELESS PERSONS REPRESENTATION PROJECT, INC.**

201 North Charles Street, Suite 1104 Baltimore, MD 21201 (Headquarters)

(410) 685-6589 [www.hprplaw.org](http://www.hprplaw.org)

### **Testimony in Support of SB 703 Family Investment Program and Supplemental Nutrition Assistance Program Benefits - Child Support Senate Finance Committee, February 19, 2025**

*HPRP is a non-profit civil legal aid organization that provides free legal services to Marylanders who are experiencing homeless or at risk of homelessness on issues that create barriers to housing and economic stability. HPRP has helped thousands of individuals and families to obtain benefits through administrative appeals and advocacy around the Temporary Cash Assistance (TCA) program, Maryland's federal Temporary Assistance for Needy Families (TANF) program. HPRP supports SB 703 which will allow all child support received by a family who receives TCA to pass through to the family. Currently, the Department of Human Services (DHS) only passes up to \$100 of paid child support orders (one child) and \$200 (two or more children) and retains the rest to recoup TCA program costs.*

**SB 703 would assist with efforts to reduce homelessness in Maryland by putting more money into the pockets of families with children living in poverty.** According to a 2024 report, fair market rent for a two-bedroom apartment in Maryland is \$1,909.<sup>1</sup> As the maximum TCA benefit for a three person family is \$727 per month, it is not surprising that 1,145 families that received TCA in 2023 were also experiencing homelessness.<sup>2</sup> HPRP has worked with countless families who receive TCA and struggle to pay rent, utility bills, transportation, child care, among other basic needs. SB 703 would increase a family's monthly income, which would increase food and housing security. Extra cash assistance will have a positive impact on the lives of children who make up the majority of TCA recipients.<sup>3</sup>

**Adopting full-child support pass through is consistent with recent recommendations to improve MD's TCA program and economic opportunities for families with children living in poverty.** Maryland adopting full-pass through of child support was one of the recommendations that resulted from a comprehensive two-year review of the TCA program by the University of Maryland School of Social Work's Family Welfare Research Department.<sup>4</sup> Similarly, a 2023 report by the Maryland Center on Economic Policy also recommended the adoption of full child

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<sup>1</sup> National Low Income Housing Coalition, *Out of Reach: 2024*, p. 124, available at <https://nlihc.org/oor>.

<sup>2</sup> Data obtained from the Department of Human Services (DHS) through a Public Information Act request.

<sup>3</sup> In Maryland, 74% of households that receive TCA have school age kids (6-18 years), and 52% of households have children age 5 or younger. See Haley Smith, Tristan Jackson-Brown, Lauren A. Hall, & Letitia Logan Passarella, University of Maryland School of Social Work, "Temporary Cash Assistance: 2023 Jurisdictional Snapshots" (May 2024), at p. 4, available at <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-on-welfare/TCA-Jurisdictional-Snapshots.-2023.pdf>.

<sup>4</sup> The MD General Assembly passed HB 1041 / SB 829 in 2022, which required a comprehensive evaluation of the TCA program. See Md. Code Ann., Human Services, § 5-323 (2022). The report that resulted from this legislation was published in October 2024. See Schuyler, L.A., Garcia, K., Smith, H., & Passarella, L.L. (2024). *Maryland's TANF program: A comprehensive review*. University of Maryland School of Social Work, at 237, available at <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/comprehensive-tca-review/ComprehensiveTCAReview2024.pdf>.

support pass through to maximize economic mobility and success for families.<sup>5</sup> Although Maryland would be required to pay the federal share of child support that passed through to families after the \$100/\$200 current caps, directing child support payments to families with children is a TCA spending choice that is more in alignment with TCA program goals than prior spending history. While Maryland has the flexibility and funds to direct more TCA to families, it has not gone in that direction. The TCA benefit levels have not increased in several years<sup>6</sup> and typically less than 30% of Maryland's cash assistance spending is in the form of basic assistance that families receive.<sup>7</sup> Most recently, Maryland has spent an alarmingly high percentage of TANF funds to cover other state budget areas detached from TANF's goals, such as Child Welfare Services and Foster Care Maintenance Payments.<sup>8</sup> This has resulted in a significant decline in Maryland's unspent TANF funds from approximately \$63.5 million (at the close of FY22)<sup>9</sup> to \$7.4 million (by close of FY26).<sup>10</sup> SB 703 will redirect income to families with children living in poverty.

**SB 703 would assist families who exit TCA from returning to the program.** Studies with families receiving TCA in Maryland show that over half (58%) of families were employed the year prior to receiving TCA.<sup>11</sup> Many families who receive TCA are employed in low-wage jobs that are difficult to sustain due to unpredictable schedules, part-time hours, and little or no benefits, which does not leave families with enough income to be independent from TCA.<sup>12</sup> When families are able to leave TCA, about 10% of families return within two to five months of exit.<sup>13</sup> Child support is a critical income for low-income families and reduces the likelihood that a family will return to TCA in the future.<sup>14</sup> SB 703 would provide many families receiving TCA with a greater financial cushion to assist them in becoming independent from TCA.

**HPRP strongly urges the Committee to issue a favorable report on SB 703.** If you have any questions, please contact Michelle Madaio (she/her), Director – Economic Justice at (410) 716-0521, 410-685-6589, or [mmadaio@hprplaw.org](mailto:mmadaio@hprplaw.org).

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<sup>5</sup> Jasmin Aramburu, Maryland Center on Economic Policy, [More Basic Assistance is Needed to Propel Economic Mobility and Security Among Maryland Families Receiving TANF](https://mdeconomy.org/more-basic-assistance-is-needed-to-propel-economic-mobility-and-security-among-maryland-families-receiving-tanf/), (October 26, 2023), available at <https://mdeconomy.org/more-basic-assistance-is-needed-to-propel-economic-mobility-and-security-among-maryland-families-receiving-tanf/>.

<sup>6</sup> Department of Human Services, FIA Action Transmittal #22-31 (September 1, 2022), available at <https://dhs.maryland.gov/documents/FIA/Action%20Transmittals-AT%20-%20Information%20Memo-IM/AT-IM2022/22-31%20IM%20-%20TCA,%20TDAP%20BENEFITS%20INCREASE%20UPDATE.pdf>.

<sup>7</sup> Center on Budget and Policy Priorities, *Maryland TANF Spending* (2022), available at [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_spending\\_md.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_md.pdf); see also Department of Legislative Services, Department of Human Services Fiscal 2026 Budget Overview, p. 20.

<sup>8</sup> *Id.* at 21.

<sup>9</sup> *Id.* at 16.

<sup>10</sup> *Id.* at 17.

<sup>11</sup> Haley Smith, Lauren A. Hall, Letitia Logan Passarella, [Life on Welfare: Temporary Cash Assistance Families & Recipients, 2023](https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-on-welfare/Life-on-Welfare.-2023.-updated-12-2024.pdf), University of Maryland School of Social Work (March 2024), p. 17, available at <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-on-welfare/Life-on-Welfare.-2023.-updated-12-2024.pdf>.

<sup>12</sup> Haley Smith, Lauren A. Schuyler, and Letitia Logan Passarella, [Life After Welfare 2024 Annual Update](https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/Life-after-Welfare.-2024.pdf), at 38, available at <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/Life-after-Welfare.-2024.pdf>.

<sup>13</sup> *Id.* at 39.

<sup>14</sup> *Id.* at 34.

# **SB 703 Sen Cory McCray Testimony .pdf**

Uploaded by: tamika winkler

Position: FAV

CORY V. MCCRAY  
Legislative District 45  
Baltimore City

DEPUTY MAJORITY WHIP

Budget and Taxation Committee

*Subcommittees*

Chair, Health and Human Services

Vice Chair, Capital Budget

Executive Nominations Committee

Legislative Policy Committee

Joint Committee on Gaming Oversight



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

## **Vote Yes on Senate Bill 703**

Bill Title: Family Investment Program and Supplemental Nutrition Assistance Program Benefits  
– Child Support  
Committee: Finance  
*Hearing Date: February 19, 2025*

Dear Chair Beidle, Vice Chair Hayes, and Esteemed Members of the Finance Committee,

I urge your support for Senate Bill 703, legislation that addresses an inequity in Maryland's Family Investment Program (FIP) and Supplemental Nutrition Assistance Program (SNAP) by ensuring child support payments do not reduce the benefits that families are entitled to receive.

Currently, child support is counted as income in both FIP and SNAP, which often results in reduced eligibility for assistance. This can create hardships for families already struggling to make ends meet, and discourages parents from receiving the support they are entitled to. Senate Bill 703 seeks to correct this by ensuring that any child support received is passed directly through to the family, without affecting their eligibility for benefits.

The bill applies to both FIP and SNAP, ensuring that local departments of social services will no longer factor in child support when calculating SNAP benefits. This will help families retain access to vital resources that allow them to meet their needs.

Additionally, the bill includes a provision for the Department of Human Services to provide a report by December 1, 2028, evaluating the impact of this change, helping to ensure that the program's intended goals are being met and that it is working effectively to support Maryland families.

Senate Bill 703 takes a necessary step to improve the well-being of Maryland's families, particularly those in single-parent and low-income households. I respectfully request that the Finance Committee vote yes on this important bill, to help ensure Maryland families receive the full support they deserve.

Continued Blessings,



Cory V. McCray  
45<sup>th</sup> District

**SB0703\_OFJ\_FAV**

Uploaded by: Trina Selden

Position: FAV



**TESTIMONY IN SUPPORT OF SENATE BILL 703/ HOUSE BILL 881:**

**Family Investment Program and Supplemental Nutrition Assistance Program Benefits - Child Support**

TO: Members of the Senate Judicial Proceedings Committee and House Judiciary Committee

FROM: Christopher Dews, Policy Consultant

Out for Justice, Inc. (OFJ) is an organization comprised of individuals directly and indirectly impacted by the criminal legal system. We advocate for reforming policies and practices that adversely affect successful reintegration into society. OFJ supports Senate Bill 703 / House Bill 881 to ensure that child support payments go directly to the custodial parents and are not siphoned off by the state for cost recovery.

Under current Maryland Law, the first \$100 of a parent's monthly child support payment — \$200 if there is more than one child — goes to the family. The remaining portion of the father's child support order goes to the government to pay back any welfare received by the custodial parent. This practice is known as "cost recovery" and was designed by Congress in the late 1970s to make sure that taxpayers did not have to "support the children of the deadbeats who abandon them to welfare." Until recently, as long as a mother and children were receiving welfare, Maryland claimed the entire child support payment by the noncustodial father to replenish government coffers. This was loaded with deep racial prejudice as it was assumed that the vast majority of welfare recipients were African-American, despite overwhelming evidence to the contrary. The concept was praised at the time and became half of the basis for the creation of the child support system in 1975.

Needless to say, if the non-custodial parent was already as poor as the custodial parent, trying to pull money from them to finance the welfare state was not and still is not practical. When the non-custodial parent can't subsidize the state's welfare program, The state will suspend their driver's and professional licenses, garnish up to 65% of their wages, intercept their taxes, ruin their credit, and potentially incarcerate them. Until 2024, the state would continue to pile on child support payments to fund welfare payments *even while the non-custodial parent was incarcerated.*

Senate Bill 703 / House Bill 881 disrupts this practice by allowing 100% of the child support order to go to the custodial parent for any and all child support payments. This is a wise step to strengthen families and reduce child poverty, as Maryland's children will see an influx of money from the absent parents. It will also ease tensions between the parents, as the custodial parent will see a rise in their income and eliminate the assumption that the non-custodial parent is not paying their fair share. For these reasons, we urge a favorable report.



**SB\_703\_CFUF\_ZA\_FAV.pdf**

Uploaded by: Zachary Alberts

Position: FAV



## TESTIMONY IN SUPPORT OF SENATE BILL 703

### **Family Investment Program and Supplemental Nutrition Assistance Program Benefits - Child Support**

TO: Hon. Pamela Beidle, Chair, and Members of the Senate Finance Committee

FROM: Zachary Alberts, Director of Advocacy

The Center for Urban Families (CFUF), a West Baltimore workforce and family-strengthening community-based organization, advocates for legislative initiatives that strengthen urban communities by helping fathers and families achieve stability and economic success.

CFUF is thrilled to support Senator McCray's Senate Bill 703, which would ensure that all child support ends up where it belongs – in the hands of the children for whom it is meant. The Child Support programs' roots are in 19<sup>th</sup> century anti-poor, white supremacist laws which held that the poor were at fault for their conditions and that aid should be given only sparingly. The laws also treated that aid as a loan that should be repaid. Those laws' effects can be felt over 100 years later in a child support program that keeps payments to recover the costs of the state's TCA program.

Paying all child support to the custodial parent has been shown to pull children out of poverty, improve their parents' co-parenting relationship, increase non-custodial parents' involvement and increase the frequency and amount of child support payments. The reason this bill is so important to CFUF is because 8,000 individuals owe more than \$120 million in child support arrears in our primary service area. One of our core programmatic offerings is the Baltimore Responsible Fatherhood Services program, where every month, fathers tell us the pain they experience due to child support cost recovery.

*Center for Urban Families, Inc. (CFUF)*  
2201 North Monroe Street  
Baltimore, MD 21217  
410 367 5691 P  
410 367 4246 F  
[www.CFUF.org](http://www.CFUF.org)



According to the most recent Quadrennial Review of Child Support in Maryland, two-thirds of obligors and custodial parents have incomes below a living wage. Furthermore, 23% of obligors (40% in Baltimore City) have had their incomes imputed, a practice in which the courts say that even though an obligor is unemployed, they owe child support equivalent to having a full-time minimum wage. While this sounds reasonable in theory, in practice it assigns fictitious income to individuals who face a variety of structural barriers to full-time work, like substandard education or the long-term consequences of the carceral state.

Because the obligors' income never existed in the first place, their child support debt immediately starts to accrue. When an obligor's ex-partner is forced to receive TCA (because the majority of the time their income is too low), that debt is owed to the state. Thus, when the obligor is finally able to gather enough money to pay their child support, they face a terrible choice – help their children or pay the State of Maryland. As other advocates and impacted individuals have testified, TCA and other government benefits do not provide enough to meet a family's needs. While children might be fed and housed, they still need essentials like a warm coat or have every day kid desires like going to a ball game with their dad. The cost recovery program means a parent who has money they could be spending on their child has to pay the state or risk losing their drivers' license or spending time in jail.

Many of you are parents. I ask that you put yourselves in the shoes of the most vulnerable Marylanders and consider what it must feel like to face the choices the State of Maryland is making thousands of parents face a year. Cost recovery is wrong. It is bad policy, it is bad practice, and it does not align with Maryland's values.

**SB703\_INFO\_DHS.pdf**

Uploaded by: Rachel Sledge Government Affairs

Position: INFO



**DEPARTMENT OF HUMAN SERVICES**

*Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary*

February 19, 2025

The Honorable Pamela Beidle, Chair  
Senate Finance Committee  
3 East Miller Senate Office Building  
11 Bladen Street  
Annapolis, Maryland 21401

**RE: TESTIMONY ON SB0703 - FAMILY INVESTMENT PROGRAM AND  
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS - CHILD SUPPORT -  
POSITION: INFORMATIONAL ONLY**

Dear Chair Beidle and Members of the Finance Committee:

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide information for Senate Bill 703 (SB 703).

With offices in every one of Maryland's jurisdictions, DHS provides preventative and supportive services, economic assistance, and meaningful connections to employment development and career opportunities to assist Marylanders in reaching their full potential. The families we serve are affected by SB 703. Our Family Investment Administration (FIA) implements the Temporary Cash Assistance (TCA) and Supplemental Nutrition Assistance Programs (SNAP), and our Child Support Administration (CSA) collects and distributes child support payments for recipients of TCA.

SB 703 prioritizes full receipt of child support payments for Marylanders participating in the federal Temporary Assistance for Needy Families (TANF); implemented in Maryland as Temporary Cash Assistance (TCA). "Passing through" the full amount of a child support payment to families participating in TCA may effectively help raise families out of poverty. In addition, the bill would exclude child support income when determining the amount of a household's SNAP benefit.

Each state fiscal year, CSA collects child support payments from noncustodial parents for families participating in TCA. Current federal and state law authorizes DHS to pass through to TCA families \$100 of child support paid for one child, or up to \$200 of child support paid for two or more children. The state retains fifty percent of the remaining

child support collected from TCA families to provide DHS services. The other fifty percent is reimbursed to the federal government for its share of the TCA benefits. If CSA passed through the entire child support amount collected to TCA families, the state would still be responsible for reimbursing about half of the amount collected to the federal government. State funds would be needed to reimburse the federal government. Maryland would also need state funds to replace the fifty percent of child support collections currently used for DHS services.

SB 703 would also affect DHS implementation of the federal Supplemental Nutrition Assistance Program (SNAP). SNAP is an income-based program providing food benefits to low-income families to supplement their grocery budget. The United States Department of Agriculture (USDA) and the Food and Nutrition Service (FNS) regulate the SNAP program.

Under federal regulations, child support payments are counted as income for the purpose of determining SNAP eligibility and for calculating the amount of a household's SNAP benefit. Federal SNAP regulations specify that child support income cannot be excluded when determining eligibility and when calculating benefit amounts [7 C.F.R. § 273.9\(c\)\(19\)\(vi\)](#). Currently, the limited child support passthrough of \$100-\$200 is included as income when determining a SNAP benefit amount.

If SB 703 is enacted, DHS would exclude child support for all families when determining the SNAP benefit amount. DHS could implement the bill while maintaining compliance with rules for using federal funds if state funds are used to make up the difference in benefits amount. DHS implements a similar calculation when replacing stolen benefits because state law applies to more situations than federal law allows. For example:

1. DHS would first determine the total SNAP benefit amount excluding child support, then
2. DHS would determine the federal SNAP benefit amount by including the child support amount,
3. The difference between the state benefit and the federal benefit is the amount that must be paid from state funds.

If Maryland does not exclude child support when calculating the amount of a SNAP benefit, the change is likely to negatively affect the amount of the average TCA family's SNAP benefit. Eighty-six percent of TCA families participate in SNAP. According to the Center on Budget and Policy Priorities (CBPP) [quick guide on SNAP eligibility and benefits](#), on average, SNAP benefits are reduced by \$1 for every \$3 applied to the benefit calculation. Therefore, the fiscal impact on a SNAP participant's monthly benefit amount would be one third of the total amount of child support passed through. The average monthly total child support distribution (combined payment and arrears) for a Maryland TCA family is \$1,119. After retaining state and federal portions, an average Maryland TCA household receives \$506 (\$100 to \$200 passthrough and arrears) in child support. Therefore, full child support passthrough would increase the average monthly child support payment to a TCA family by \$613. With the additional \$613 in child support income, the average TCA family may experience a decrease in SNAP benefits of approximately \$204 per month.

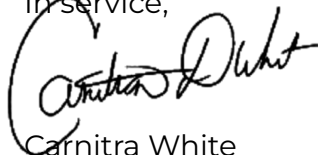
Today, approximately 3,462 TCA households receive the limited child support pass through. After full child support passthrough, Maryland TCA participants' aggregate total monthly SNAP benefits would decrease by \$706,248 (3,462 households x \$204 decrease in SNAP calculated above) or an average of \$8,474,976 per year. If the full passthrough is implemented and DHS disregards child support when determining a benefit amount, the amount of SNAP benefits for TCA families would increase. The SNAP benefit amount would increase because child support passthrough would not count as income.

SB 703 does not require discounting child support payments to determine SNAP eligibility. As a result, fewer TCA families may be eligible for SNAP.

Minnesota and Colorado implement full child support payment passthrough to TANF families. Colorado implemented a full child support pass through with disregard for the child support payments in the calculation for cash assistance benefits. [Colorado found](#) that full passthrough increased the percent of child support payments made and the average child support payment amount. Colorado does not disregard child support payments when determining SNAP benefit amounts. Colorado found TANF families participating in SNAP saw an average \$0.17 reduction in their SNAP benefits for every additional dollar they received in child support as a result of the full pass-through policy.

We appreciate the opportunity to provide more information to the Committee for consideration during your deliberations. If you require additional information, please contact Rachel Sledge, Director of Government Affairs, at [rachel.sledge@maryland.gov](mailto:rachel.sledge@maryland.gov).

In service,

A handwritten signature in black ink, appearing to read "Carnitra White", written over a circular stamp or seal.

Carnitra White  
Principal Deputy Secretary