Findings from the Analysis of Administrative Data from Michigan:

Who Would Receive More Child Support from Deficit Reduction Act (DRA) Distribution Options and Other Pass-Through Options?

Submitted to:
Minnesota Department of Children, Youth, and Families

Submitted by:
Jane Venohr, Ph.D.
Kayla Christiani, M.S.

CPR
center for policy research
1570 Emerson St., Denver, CO 80218 | Tel: (303)837-1555 |centerforpolicyresearch.org

(Revised: Nov. 24, 2025)

This research is supported by Grant Number HHS-2023-ACF-OCSE-FD-0022 from the Office of Child Support Services within the Administration for Children and Families, a division of the U.S. Department of Health and Human Services. Neither the Administration for Children and Families nor any of its components operate, control, are responsible for, or necessarily endorse this research (including, without limitation, its content). The opinions, findings, conclusions, and recommendations expressed are those of the authors and do not necessarily reflect the views of the Administration for Children and Families and the Office of Child Support Services.

Internal

ACKNOWLEDGMENTS

Child support distribution policies are extremely complicated and using administrative data designed to track child support transactions to research them adds another complication. The authors thank many Michigan Office of Child Support (OCS) staff, administrators, and contractors for clarifying policies, extracting and explaining data, and providing other assistance. The authors specifically thank Michael Adrian, Jennifer Arsenault, Ian Broughton, Erin Frisch, Amy Gilmore, Kim Kearns, Sandra Ross, BJ Schultz, Brian Weeden, and Julie Vandenboom for their time, expertise, and dedication to the mission of improving child support policy for Michigan children.

CONTENTS

Executive Summary ..... **i**
Section 1: Purpose and Background **1**
Organization of this Report 2
Retained Child Support Collections and DRA Options 2
Caseloads and Other Statistics 5
Pass-Through of Current Support 6
Section 2: Data and Methodology **8**
Data 8
Data Fields 8
Methodology 10
Estimations and Analytical Method 10
Study and Data Limitations 11
Section 3: Findings from the Analysis **12**
Family Demographic 1: Race and Ethncity of the Parent Receiving Support 14
Family Demographic 2: Current FIP Status 16
Family Demographic 3: Whether There is Current Support Being Paid 18
Family Demographic 4: Whether Children Are Emancipated 19
Family Demographic 5: Age of the Parent Receiving Support 21
Family Demographic 6: Marital Status When Children Were Born 22
Family Demographic 7: Number of Dependents 24
Family Demographic 8: Urban and Rural 24
Section 4: Conclusions and Recommendations **24**
Recommendations 25
Concluding Remarks 26
Appendix A: Technical Appendix **27**

EXECUTIVE SUMMARY

Using options available under the Deficit Reduction Act of 2005 (DRA),[1] the Michigan Department of Health and Human Services (MDHHS) Office of Child Support (OCS) is exploring how it can put more child support collections in the hands of Michigan families that currently or formerly received cash assistance from the Temporary Assistance for Needy Families (TANF) program, which is called the Family Independence Program (FIP) in Michigan. This study examines whether some DRA and other pass-through options would have a greater impact than other options for eight family demographics (see Exhibit ES-1). This study complements another study that assesses the extent that OCS policies are family-centered policies, specifically OCS policies that interact with FIP.[2] It also showcases how administrative data extracted from a state child support system can be used to analyze a policy issue.

Exhibit ES-1: Family Demographics Considered in Study

1. Race and ethnicity of the parent receiving support;
2. Receives FIP;
3. Receives current support;
4. Whether the children were emancipated;
5. Marital status of the parents when the children were born;
6. Age of the parent receiving support;
7. Number of children covered by the child support order; and
8. Urban/rural

BACKGROUND INFORMATION

The Social Security Act requires recipients of TANF to assign their rights to child support to the state as a condition of receiving assistance.[3] In turn, child support while a family receives TANF cash assistance and past-due child support (arrears) that accrue while the family receives TANF cash assistance are assigned (owed) to the state. These state-assigned arrears are called permanently assigned arrears (PAA) today. Prior to DRA, there were other types of arrears such as arrears that were temporarily or conditionally assigned to the family (or state) that also considered arrears accumulated to the family prior to receiving TANF and when the family left TANF. A state may "pass-through" collections of state-assigned child support to the family.[4] Michigan already passes-through child support collections for current support to families that are receiving FIP cash assistance.

Child support owed on a case generally includes three types: current support, state-owed arrears, and family-owed arrears. Family-owed arrears accrue when the family is not on FIP.[5] Federal rules on which type of child support gets paid first have changed over time. DRA offers states options that put child support collections in the hands of family first. Exhibit ES-2 lists the DRA options considered in this study

[1] Public Law 109-171. Retrieved from https://www.congress.gov/bill/109th-congress/senate-bill/1932/text

[2] Chen, Yiyu, & Kissela, Lauren. (forthcoming). *Promoting Family-Centered Child Support Policies for Michigan Families with Low Incomes: A Report on the Assessment of the Michigan Office of Child Support.* Report to the Minnesota Department of Children, Youth, and Families.

[3] More information about child support assignment, pass-through, and distribution for families receiving public assistance can be found at *Quick Facts* by the National Child Support Engagement Association (NCSEA), available at https://www.ncsea.org/wp-content/uploads/2022/07/Quick-Facts-Child-Support-Assignment-PassThrough-Distribution_2022.pdf.

[4] U.S. Department of Health and Human Services, Office of Child Support Services (OCSS). (Jul. 11, 2007). Action Transmittal (AT-07-05): Assignment and Distribution of Child Support under Sections 403(a)(3) and 457 of the Social Security Act. Retrieved from https://acf.gov/sites/default/files/documents/ocse/at_07_05a.pdf

[5] Technically, family-owed arrears accrue when the family is not on TANF or federally funded foster care.

as well as the option to pass-through PAA collections to families currently receiving FIP.[6] Under today's federal rules, current support is prioritized but there is an exception for child support collected from federal tax refund offsets (FTRO), which prior to DRA, had to be distributed to state-assigned arrears first. DRA gives states the option to distribute FTRO to families first for current support due. Michigan, like most states, still distributes FTRO to state-assigned arrears first.

Exhibit ES- 2: Options Studied

- Option A applies FTRO collections to families first;
- Option B passes through PAA collections to families that formerly received FIP;
- Option C passes through PAA collections to families currently receiving FIP; and
- Option D discontinues post-1997 pre-assistance FIP assignments that accrued between October 1, 1997, and September 2009.[1]

DATA AND METHODOLOGY

The primary research question is how does application of each of the options vary by family demographics. The analysis relies on a random sample of 5,000 child support cases extracted from the Michigan Child Support Enforcement System (MiCSES) using two criteria: 1) the family was classified as current or former FIP anytime between January 1, 2022, and June 30, 2024; and 2) there were arrears owed to the state as of February 2025, when the data was extracted. In turn, the analysis focused on FIP status and collections and other statistics in calendar year (CY) 2023. In short, 2023 is used to estimate the impact of the four options. The extract considered a larger period because the analysis plan intended to layer on the positive effect of Michigan's full pass-through policy, which began January 1, 2023. However, that became infeasible due to data limitations. Further, the analysis excluded cases where the only state-owed arrears were owed to Medicaid because DRA options generally focus on current and former TANF cases, not the interaction of child support and Medicaid.[7] Limiting the study period to 2023 and excluding cases with Medicaid-only arrears reduced the number of analyzed cases to 3,000 cases.

For each option, the Center for Policy Research (CPR) first identified the appropriate subset of the sample eligible for that option. Then, CPR applied the option's distribution sequence to identify those families that would receive more child support under that option as well as the additional amount received. The subsamples generally consisted of cases with any state arrears (except Medicaid-only[8]) in 2023 for Option A since they would be affected by DRA distribution of FTRO, former assistance cases with PAA owed as of December 2022 for Option B, current assistance cases with PAA owed as of December 2022 or unpaid current support in 2023 for Option C, and cases with conditionally assigned arrears (CAA) as of December 2022 for Option D.

The major study limitation concerned the number of families available for sub-analysis, which was often too small for detecting statistical differences. Using 2023 data to estimate the impact of each option in the future causes another limitation. Need for FIP, ability to pay child support, and other events can change over time. The study also does not address other benefits of DRA options (i.e., the fairness of retained child support collections for economically vulnerable families that currently or formerly

[6] More information about this option can be found at OCSS (Jul. 11, 2007). Action Transmittal (AT-07-05), p. 6.
[7] The interaction of Medicaid and child support varies more widely among states. Not all states refer their Medicaid cases to child support and set ongoing cash medical support orders for them.
[8] Those with Medicaid arears and child support (general care) arrears are included.

received FIP) or other factors OCS considered (e.g., automated system enhancements and revenue losses) when assessing the feasibility of the four options.

FINDINGS FROM THE ANALYSIS

There are three components to measuring the impact of each option: the number of families eligible for each option using the criteria for applying that option (e.g., the criteria for Option C is FIP receipt and PAA greater than zero); how many eligible families receive a child support collection that would be sent to the family instead of the state due to implementing that option; and the additional amount of child support collections that would be received by a family due to implementing that option.

Numbers of Eligible Families. Overall, more of the analyzed cases included families eligible for Options A (DRA distribution of FTRO) and Option B (PAA pass-through to former FIP families) than Options C (PAA pass-through to current FIP families) and Option D (discontinued CAA). For example, for every ten families eligible for Option B, there is one current assistance family eligible for Option C.

Eligible Families with a Child Support Collection. Child support must be collected before it can be sent to the family. Yet, potential cases for any option have a history of child support not being collected. In other words, something had to change to affect changes in collections over time (e.g., the payer-parent's income increased over time or child support collection has improved). Once collected, it would be sent to the family using that option's distribution sequence. The Families First Receipt Rate (FFRR) is used to describe the percentage of eligible families where there is a collection and the collection is sent to the family first under that option's distribution sequence.[9] The FFRR ranges from 4% for Option D (discontinued CAA) to 36% for Option C (PAA pass-through to current FIP families). It is 6% for Option A (DRA distribution of FTRO) and 14% for Option B (PAA pass-through to former FIP families).

Annual Amount of Child Support Sent to a Family. If there is indeed a child support collection, the amount sent to the family (instead of the state) varies considerably by option. It ranges from $588 per year per family under Option C (PAA pass-through to current FIP families) to $1,165 per year per family under Option B (PAA pass-through to former FIP families).

VARIATION BY FAMILY CHARACTERISTICS

The analysis was limited to four categories of race and ethnicity that have larger numbers of cases: Black/African-American; non-Hispanic (62%); White, non-Hispanic (31%); Hispanic, any race (3%); and race is unknown (5%). Although there is some variation in the composition of eligible families by race and ethnicity, little differs in their FFRRs.

Families enrolled in FIP at least one month in 2023 comprised 6% of cases. Families that were ever FIP in the year had higher FFRRs than families that were never FIP in the year under Options A and B but the difference was not statistically significant due to the small sample size. The estimated annual child support collections sent to families ever FIP in the year is less than the amounts for families never FIP.

[9]Technically, it could be called the pass-through rate for Options B and C, but it cannot be called the pass-through rate for Options A and D because the mechanism for sending more collections to the family is the distribution sequence for Options A and D, not pass-through.

There was some evidence that families receiving current support would more likely benefit from most of the options.

The analysis compared families where the youngest dependent was 18 or less (because child support stops at age 18 or when the child graduates from high school) and families where the youngest dependent was more than 18. Each category comprised about half of the cases. The findings tracked with other findings that reflect age of the child support case; that is, arrears collections are less likely in older cases than newer cases. The analysis of age of the parent receiving support also indirectly reflects the age of the child support case. The receiving parent for many families was over 50 (e.g., 48% of families eligible for Option A are over 50 years old).

The analysis also considered whether the youngest child was born out of wedlock, whether paternity was established for the youngest child, number of dependents on the child support case, and whether the family was urban or rural. None of the analysis found any notable differences by option or subpopulation or had any obvious policy consequences for these demographics.

CONCLUSIONS AND RECOMMENDATIONS

States take into consideration many factors when assessing whether to adopt DRA and pass-through options. This analysis looked at four options to put families first and eight different family demographics. Any of the four options positively affect families. Option B (PAA Pass-Through to former FIP families) will affect the largest number of families and generally appears to result in higher amount of additional child support collections being sent to families over a year period regardless of a particular family demographic including current FIP families because many FIP families cycle on and off FIP within a year. Option B would help FIP families in those off months.

Recommendations. OCS may want to decide whether it wants to prioritize families of a specific demographic (e.g., current FIP families or families that cycle on and off FIP within a year). OCS may also benefit from mapping the findings from this study to their assessment of options that considered other factors (e.g., automated system enhancements and revenue losses) to obtain a sense of the cost effectiveness of each option. The volume of Medicaid-only arrears cases is of concern. OCS is obviously aware of the issue because it recently terminated recovery of Medicaid-paid birth expenses. Areas for future research include more in-depth research on what changes over time for there to be no payment of current support (hence, the accumulation of arrears) to payment of arrears later; consideration of the role that ongoing orders for arrears (e.g., monthly orders to pay down arrears) play in Options C and D; conducting the analysis using a larger sample size particularly for cases eligible for Options C and D; and conducting additional research on the interaction of OCS and Medicaid policies compared to other states. States vary in whether their Medicaid agency sends Medicaid cases to the child support agency to establish a medical child support order, and whether that includes an ongoing cash medical support order that when collected is sent to the Medicaid agency for cost recovery.

SECTION 1: PURPOSE AND BACKGROUND

Using options available under the Deficit Reduction Act of 2005 (DRA),[10] the Michigan Health and Human Services (MDHHS) Office of Child Support (OCS) is exploring how it can put more child support collections in the hands of Michigan families. As part of this, OCS wants to know if some DRA options would have greater impacts than other options and how it varies by family demographics. This study answers this question by using data extracted from MiCSES, which is OCS's automated system. It considers eight different family demographics (see Exhibit 1). It complements another study that assesses the extent that OCS policies are family-centered policies, specifically OCS policies that interact with the Family Independence Program (FIP), which is Michigan's Temporary Assistance to Needy Families (TANF) program.[11] This study also showcases how administrative data can be analyzed to enhance similar assessments.

Exhibit 1: Family Demographics Considered in this Study

1. Race and ethnicity of the parent receiving support;
2. Receives FIP;
3. Receives current support;
4. Whether the children were emancipated;
5. Marital status of the parents when the children were born;
6. Age of the parent receiving support;
7. Number of children covered by the child support order; and
8. Urban/rural.

DRA offers states several policy options for sending child support collections to the family first instead of retaining child support collected due to a family's current or former TANF assistance. The Social Security Act requires recipients of TANF to assign their rights to child support to the state as a condition of receiving assistance.[12] In turn, collections of child support while a family receives TANF cash assistance and collections of past-due child support (arrears) that accrued while the family received TANF cash assistance are assigned (owed) to the state. A state may "pass-through" collections of state-assigned child support to the family.[13] Michigan already passes through child support collections for current support to families that are receiving FIP cash assistance.[14] OCS is exploring DRA options to pass-through collections of state-assigned arrears as well as the option to pass-through PAA collections families currently receiving FIP.[15] OCS is also exploring a DRA option pertaining to child support collected from federal tax refund offsets (FTRO): DRA gives states the option to

[10] Public Law 109-171. Retrieved from https://www.congress.gov/bill/109th-congress/senate-bill/1932/text.
[11] Chen, Yiyu, & Kissela, Lauren. (forthcoming). Promoting Family-centered Child Support Policies for Michigan Families with Low Incomes: A Report on the Assessment of the Michigan Office of Child Support. Report to the Minnesota Department of Children, Youth, and Families.
[12] More information about child support assignment, pass-through, and distribution for families receiving public assistance can be found at *Quick Facts* by the National Child Support Engagement Association (NCSEA): https://www.ncsea.org/wp-content/uploads/2022/07/Quick-Facts-Child-Support-Assignment-PassThrough-Distribution_2022.pdf.
[13] U.S. Department of Health and Human Services, Office of Child Support Services (OCSS). (Jul. 11, 2007). Action Transmittal (AT-07-05): Assignment and Distribution of Child Support under Sections 403(a)(3) and 457 of the Social Security Act. Retrieved from https://acf.gov/sites/default/files/documents/ocse/at_07_05a.pdf.
[14] Michigan Health & Human Services Office of Child Support (CSP). (n.d.). *Frequently Asked Questions – Detail.* Retrieved from https://micase.state.mi.us/micaseapp/public/faq/5/1/detail.html.
[15] More information about this option can be found at OCSS (Jul. 11, 2007). Action Transmittal (AT-07-05), p. 6.

discontinue the previous federal requirement that applies FTRO to state-assigned arrears first.[16] Under the DRA option, states would distribute FTRO collections to current support first for any case type, and, for former assistance cases, distribute FTRO collections to arrears owed to the family next rather than the state.[17]

OCS identified seven family demographics of interest and CPR added an eighth. The added demographic concerns emancipation of the children based on recent research CPR conducted for California.[18] CSP has already analyzed the feasibility of implementing several DRA options. For each option, the feasibility analysis identified what automated system changes would be needed, the impact on child support debt assigned to the state, state revenue loss, policy changes to support the option, and other considerations. This study considers four of the five options for sending more child support payments to families that were analyzed by OCS (see Exhibit 2). This analysis does not consider the option to discontinue pre-1997 pre-assistance because OCS determined it was not feasible due to MiCSES limitations.[19]

Exhibit 2: Options Considered in this Study

- Option A applies child support collections from federal tax refund offset to families first;
- Option B passes through child support collections toward permanently assigned arrears (PAA), which are owed to the state, to families that formerly received FIP;
- Option C passes through child support collections toward PAA to families currently receiving FIP; and
- Option D discontinues post-1997 pre-assistance FIP assignments that accrued between October 1, 1997, and September 2009.

Organization of this Report

The bulk of this report summarizes the findings for each of the eight family demographics separately. Prior to these summaries, more background information is provided as well as a description of the methodology and data used for the analysis. The last section provides conclusions and recommendations for future research and policy considerations.

Retained Child Support Collections and DRA Options

The concept of retained collections to recover the cost of public assistance predates the national child support program.[20] Prior to DRA, most federal distribution rules were set by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which also replaced Aid to Families with

[16] OCSS AT-07-05, p. 12.
[17] Ibid.
[18] California is a lead participatory state to the OCSS Minnesota grant, so California also provided administrative data to be analyzed. California's topic focused on a recent California policy change where PAA collections are passed-through to families.
[19] This was originally numbered Option D, but since it was dropped, Option E is now numbered Option D.
[20] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Jul. 2024). *Understanding TANF Cost Recovery in the Office of Child Support*. p. 3. Retrieved from https://www.cbpp.org/sites/default/files/1-3-24tanf.pdf.

Dependent Children (AFDC) with the TANF program.[21] Retained collections are shared with the federal government based on a specific percentage that reflects federal matching funds for state expenditures for Medicaid and other programs.[22] Michigan incurs a 50% share, which is the highest possible share.

Pass-Through of Current Support. Federal regulation does not require states to pass-through a specified amount of state-assigned support to families.[23] However, it does influence the amount by how much of the federal share of retained collections is waived. DRA waives the federal share of current support passed-through to families who receive TANF up to $100 per month for families with one child and up to $200 per month for families with two or more children.[24] Prior to DRA, the waived amount varied over time from zero to $50 per month regardless of the number of children. States that pass-through more than $100 for one child ($200 for two or more children) must still pay the federal share on child support collections that exceed the maximum waived amounts even when passed-through as long as both the federal share and state share of the pass-through are paid to the family and are disregarded in determining the eligibility for and the amount of the TANF assistance paid to the family for that month. Consequentially, not only are revenue losses from retained current support a factor in a state's decision to pass-through current support but so is backfilling the federal share. Besides Michigan, as of 2024, Colorado and Illinois pass-through all current support to families currently receiving TANF.[25]

Pass-Through of Permanently Assigned Arrears to Former Assistance Families. DRA gives states the options to retain or pay the state share of collections applied to "during assistance arrears."[26] Currently, child support that goes unpaid while a family receives cash TANF assistance (FIP in Michigan) accrues as permanently assigned arrears (PAA).[27] This is child support up to the amount of the TANF grant. Child support that exceeds the TANF grant is owed to the family. DRA fully waives the federal share of PAA collections passed-through to former assistance families[28] Still, revenue losses from retained PAA are a factor in a state's decision to pass-through PAA. As of 2024, five states passed-through PAA collections.[29]

---

[21] Falk, Gener. (Mar. 2025). The Temporary Assistance for Needy Families (TANF) Block Grant: A Legislative History. Congressional Research Service. Retrieved from https://www.congress.gov/crs-product/R44668.

[22] See Tollestrup, Jessica. (Mar. 18, 2025). Child Support Services: Program Basic, Congressional Research Service. Retrieved from https://www.congress.gov/crs-product/RS22380#_Toc193893791; and National Child Support Engagement Association (NCSEA) (Jul. 2022). Quick Facts: Office of Child Support Funding. Retrieved from https://www.ncsea.org/wp-content/uploads/2022/06/Quick-Facts-Child-Support-Program-Funding.pdf.

[23] OCSS AT-07-05, p. 19.

[24] Ibid.

[25] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Oct. 2024). *Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive*. p. 22. Retrieved from https://www.cbpp.org/sites/default/files/10-8-24tanf.pdf.

[26] OCSS AT-07-05, p. 19.

[27] Besides PAA, there may be other arrears owed using pre-DRA distribution rules that were more complicated rules (e.g., they considered arrears accumulated prior to assistance).

[28] OCSS AT-07-05, pp. 20-21.

[29] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Oct. 2024). *Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive*. p. 22. Retrieved from https://www.cbpp.org/sites/default/files/10-8-24tanf.pdf.

Discontinue pre-1997 and 1997–2009 Assigned Arrears. DRA also gives states the option to discontinue assignments executed prior to October 1, 1997, as well as those executed from October 1, 1997, through September 30, 2009.[30] Earlier distribution rules were more complicated: they not only considered child support arrears that accrued during assistance, but also considered pre-assistance arrears, and even changed when the family left assistance. Conditionally assigned arrears (CAA) basically refer to some of the arrears that accumulated using these old distribution rules. When paid via FTRO, they are distributed to the state. DRA allows them to be redirected to the family.

Distribution of FTRO. States can elect to follow DRA or PRWORA distribution rules for FTRO. Except for conditionally assigned arrears,[31] DRA requires FTRO to be distributed as any other child support collection for former assistance cases.[32] For current assistance cases, DRA requires FTRO to be applied first to satisfy current support, then to assigned arrears and last to any family arrears.[33] States electing the PRWORA option will apply FTRO to assigned arrears first, then to arrears owed to the family, and never apply FTRO to current support.[34] As of 2024, nine states use PRWORA distributions for FTRO.[35]

Exhibit 3 compares Michigan's current approach to DRA options being considered by OCS.

Exhibit 3: Options of Interest

Option	Current Approach	Details of Alternative Approach[36]
Option A: Collections from Federal Tax Offset (FTRO) are applied to families first	PRWORA rules: FTRO applied to state arrears first	• For current FIP assistance IV-D cases, distribute FTRO collections to current support (which will pass-through to the family), then to state arrears, then to family arrears. • For former FIP assistance IV-D cases, distribute FTRO collections to current support (which is due the family), then to family arrears, then to state arrears. • For current and former Medicaid-Only IV-D cases, distribute FTRO collections to current support, then to family arrears, then to state arrears.
Option B: Passes-through PAA collections to former FIP families	PRWORA rules: PAA collections retained by state	• For former FIP assistance IV-D cases, continue the current process for applying collections to current support and family arrears, and then apply any excess to permanently assigned arrears (PAA). However, rather than disburse the PAA to the state, disburse the collection to the family.
Option C: Passes-through PAA collections to current FIP families	Pass-through all current support to the family and	• For current FIP assistance IV-D cases, continue to pass-through the current month's support collection to the

[30] OCSS AT-07-05, p. 19.
[31] OCSS AT-07-05, p. 12.
[32] OCSS AT-07-05, p. 13.
[33] Ibid.
[34] OCSS AT-07-05, p. 12
[35] Turetsky, Vicki, & Azevedo-McCaffrey, Diana. (Oct. 2024). *Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive*. p. 22. Retrieved from https://www.cbpp.org/sites/default/files/10-8-24tanf.pdf.
[36] Michigan Health & Human Services Office of Child Support. (Jun. 24, 2024). Summary of Options Available under the Federal Deficit Reduction Act of 2005 (DRA; PL 109-107).

	retain collections of state arrears	family. Payments applied to state arrears would be disbursed to the family instead of the state.
Option D: Discontinues post-1997 pre-assistance FIP assignments that accrued between Oct. 1, 1997, and Sept. 30, 2009	PRWORA rules: FTRO collections retained by state	• Unassign post-1997 pre-assistance FIP assignments; these arrearage amounts appear in the conditionally assigned arrears (CAA). They accrued between October 1,1997, and September 30, 2009. This means that after distributing FTRO to CAA, the FTRO collection will go to the family instead of the state.

CASELOADS AND OTHER STATISTICS

The Michigan Department of Technology, Management, and Budget estimates Michigan's 2025 population to be just over 10 million, including 2.3 million who are between the ages of birth through 19.[37] Exhibit 4 shows selected statistics published by the Annie E. Casey Foundation.[38, 39] Overall, these statistics illustrate there are many economically vulnerable children in Michigan who could benefit from more child support collections sent to them.

Exhibit 4: Selected Statistics about Michigan Children
(Source: *Kids Count* by the Annie E. Casey Foundation)

- 16.8% of Michigan children ages birth to 18 lived in poverty in 2023 (compared to 16% nationally);
- 19.1% of Michigan children ages birth to 5 lived in poverty in 2023, and among these Michigan children:
  - 40% were Black or African-American alone;
  - 26% were Hispanic or Latino; and
  - 13% were White alone, non-Hispanic or Latino;
- 33% of Michigan children lived in single-parent families in 2024 (compared to 34% nationally); and
- 26% of Michigan female-headed families received child support in 2022–2024 (compared to 23% nationally).

OCS Caseload

Based on federal fiscal year (FFY) 2023 data reported by the federal Office of Child Support Services (OCSS),[40] Michigan OCS had 751,596 IV-D cases that covered 819,323 children. Exhibit 5 provides more details about Michigan's FFY 2023 caseload from the same OCSS report. OCSS uses the term "assistance" to refer to TANF under Title IV-A of the Social Security Act and Foster Care maintenance payments under Title IV-E of the Social Security Act, for whom a referral to the state child support agency was made. Although Exhibit 5 shows that 64% of cases with arrears due paid something toward arrears, the percentage paying is typically lower for cases with state arrears and lower the older the case.

[37] Retrieved from https://milmi.org/datasearch/popproj.
[38] Annie E. Casey Foundation. (2025). *2025 Kids Count Data Book: State Trends in Child Well-Being*. Retrieved from https://datacenter/aecf.org.
[39] The total does not add to 100% because other categories of race and ethnicity were not reported.
[40] U.S. Department of Human & Health Services Office of Child Support Services. (2024). *Office of Child Support Preliminary Report 2023*. Retrieved from https://www.acf.hhs.gov/css/policy-guidance/fy-2023-preliminary-data-report-and-tables.

OCS collected and distributed almost $1.2 billion in FFY2023, including over $9.4 million in current assistance collections and $298 million in former assistance collections. The OCSS report also notes 47,532 FTRO (TANF and non-TANF combined) in Michigan: when contrasted to the number of cases with certified arrears, it suggests that FTRO is effective at collecting child support for 18% of the cases with certified arrears (assuming one tax offset per certified arrears case).

Exhibit 5: Selected Michigan OCS Statistics: FFY 2023
(Source: OCSS Annual Report)

- Total IV-D caseload: 751,596
  - Current assistance cases: 26,990
  - Former assistance cases: 275,919
  - Cases with arrears due (state arrears or family arrears): 454,703
    - 64% paid something toward arrears
- Cases with certified arrears for FTRO: 266,107
  - TANF arrears: 70,278
  - Non-TANF arrears: 195,829

Family Independence Program (FIP)

After decades of welfare reform debates, PRWORA replaced the Aid to Families with Dependent Children (AFDC) program with TANF block grants to states. Due to the structure of block grants, states have flexibility in their program. To be income eligible, a Michigan family's monthly countable income (minus nominal disregards and allowable work-related expenses) cannot exceed the maximum benefit level, which is $403 per month for a family of two (e.g., a parent and child) and $492 per month for a family of three.[41] According to the National Center for Children in Poverty,[42] Michigan ranks 30th among states in the maximum monthly TANF benefit. The average number of Michigan families enrolled in TANF in 2024 was 7,964.[43] In 2012, the Michigan TANF caseload was 42,388.[44]

Pass-Through of Current Support

Michigan began full pass-through of current support to families receiving FIP cash assistance January 1, 2023. Before then, it changed its pass-through policy several times often to conform to changes in federal requirements or guidance: it was $50 per month from about 1984 through late 2011, zero from about late 2011 through 2019, and $100/$200 (one/two or more children) from 2020 through 2022.[45] Since adopting full pass-through, the number of families receiving full pass-through has increased. The number of families with full pass-through was 1,804 in FY 2023; 1,918 in FY 2024; and 2,126 in FY2025 as of early September.[46] The average monthly percentage of cases with current support paid increased from 39% in the year prior to implementing full pass-through to 45% afterwards (i.e., March 2023

[41] MDHHS. (eff Jan. 1, 2023). *Proposed Temporary Assistance for Needy Families State Plan.* https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Inside-MDHHS/Reports-and-Statistics---Human-Services/State-Plans-and-Federal-Regulations/Proposed_TANF_State_Plan_Effective_01-01-23.pdf
[42] National Center for Children in Poverty. (n.d.). *A 50-State Comparison of TANF Amounts.* Retrieved from https://www.nccp.org/wp-content/uploads/2024/11/TANF-Benefit-Amounts-2024-FINAL.pdf.
[43] U.S. DHHS Office of Family Assistance. (n.d.). *Temporary Assistance for Needy Families (TANF) Caseload Data — Fiscal Year (FY) 2024*. Retrieved from https://acf.gov/sites/default/files/documents/ofa/fy2024_tanf_caseload.pdf.
[44] U.S. DHHS Office of Family Assistance. (Apr. 2012). *TANF: Total Number of Families Fiscal and Calendar Year 2012.* Retrieved from https://www.acf.hhs.gov/sites/default/files/documents/ofa/tan.pdf.
[45] Adrian, Michael. (Sept. 16, 2025). *Child Support Passthrough and Distribution*. Presentation to the National Child Support Engagement Association (NCSEA) Webtalks.
[46] Ibid.

Internal

through February 2024); the average current support percentage paid increased from 30% to 39% over the same periods.[47]

[47] Ibid.

Internal

SECTION 2: DATA AND METHODOLOGY

The primary research question is how application of each of the DRA options vary by family demographics. The study relies on a random sample of current and former assistance cases in calendar year 2023 to estimate which options are likely to reach the most and least numbers of families, the composition of families by the eight demographics considered, and the amount of additional child support that OCS is likely to send to families. For each option, CPR identified cases that met the criteria for that option (e.g., former assistance cases with PAA for Option B) and then applied the distribution sequence under that option to estimate whether OCS would send additional child support collections to the family; and, if so, the dollar amount.

DATA

The analysis relies on a random sample of 5,000 orders extracted from MiCSES using the following criteria: the family was classified as current or former FIP anytime between January 1, 2022, and June 30, 2024, and there were arrears owed to the state as of February 2025, when the data extract was pulled. The period allows for a one-year baseline before Michigan began passing-through all child support payments toward current assistance on January 1, 2023. Since the data request was drafted in August 2024, the end date (June 30, 2024) represents the end of the most current quarter at that time. The data requested a 20% sample of at least 5,000 cases. CPR filed the data request by submitting a completed DCH-1294 form in accordance with MDHHS protocols protecting health and other confidential information. No confidential data (e.g., names, date of birth, addresses, social security numbers) was requested or included in the data extract. After reviewing and approving the request, the MDHHS Chief Compliance Officer authorizes a data-sharing agreement.

Data Fields

The data request consisted of hundreds of data fields of case demographics and detailing child support owed, paid, and distributed by month and year and other time periods and by debt type and whether the debt was assigned to the state, family, or something other. Some of the key data fields of interest are described below.

Types of Child Support Debt Considered. The primary type of debt of concern is child support, which results from a court order where an obligor parent must pay an ongoing amount (e.g., monthly) to the parent receiving support for the general care[48] and support of a child. Arrears accrue when the obligor parent fails to pay that periodic order. There are also other types of debt that can accrue; some result from the failure to pay an ongoing amount and some do not.[49] Some of the more typical ongoing orders under the Michigan child support guidelines include orders for childcare and ordinary medical

[48] "General care" is a term that is specifically used in the Michigan child support guidelines. It is calculated separately. The child support guidelines also provide for the calculation of work-related childcare expenses and the cost of the child's healthcare.

[49] For more detail, see Michigan Department of Health and Human Services. (Dec. 21, 2023). *Michigan IV-D Child Support Manual*. Retrieved from https://mdhhs-pres-prod.michigan.gov/ChildSupport/policy/Documents/5.10.pdf.

expenses.[50] The court order may require the obligor parent to pay a separate amount for work-related childcare expenses incurred by the custodial person. Childcare debt is assigned to the state when the family receives TANF, thus are considered in the analysis.[51] The analyzed cases included 214 cases with childcare debt owed to the state. Orders for ordinary medical expenses are assigned to the state when the child receives Medicaid benefits,[52] and distributed to the Medicaid agency when collected. Other less typical debt types, particularly among current and former assistance cases, cover such things as attorney fees and spousal support. The analysis did not consider these atypical types of debt. The analysis also did not consider foster care debt because of other complexities. It was noted in only about 1% of sampled cases.

Race and Ethnicity. In 2022, OCS launched a major effort to improve and update the collection of race and ethnicity information from custodial persons and obligor parents that included changes to the processes for collecting race and ethnicity, such as revisions to forms, and updates on MiCSES.[53] The updates replaced caseworker's reports of a participant's race with more reliable and systematic information including interfaces with other automated systems such as Bridges (MDHHS system for eligibility determination and benefit calculation for assistance programs), the Michigan Statewide Automated Child Welfare Information System (MiSACWIS), the Child Support Enforcement Network (CSENet), and information gathered from improved electronic and paper forms and conversations with participants in which the participant self-identified, and other sources.

Sampled Cases Excluded from the Analysis

In all, the exclusion reduced the sample used for the analysis to 3,000 cases.[54] The analysis excluded a small number of cases (179 orders) because they were not FIP in CY 2023 or there were no state-owed arrears other than Medicaid in CY 2023 but were in CY 2022 or the first six months of 2024. The sample selection included a wider period at the prospect of analyzing the impact of full pass-through that began January 1, 2023, but that was dropped due to data limitations and other complexities. The analysis also excluded cases where the only state debt owed was for Medicaid (1,824 cases) for three reasons. First, the DRA options focus on the interaction of child support and TANF, not child support and Medicaid.[55] Second, Michigan's medical child support policies including the assignment of Medicaid arrears to MDHHS are unique compared to other states, and since other states are a targeted audience of this

[50] Michigan State Court Administrative Office, Friend of the Court Bureau. (eff. Jan. 1, 2025). *2025 Michigan Child Support Formula Manual.* Retrieved from https://www.courts.michigan.gov/4a7a53/siteassets/court-administration/standardsguidelines/foc/2025mcsf.pdf.

[51] *Ibid*. p. 5.

[52] *Ibid*. p. 9.

[53] Frish, Erin. (Jun. 6, 2022). Changes to the Collection of race and Ethnicity Data to Improve Child Support Services; Updates to Forms. IV-D Memorandum 2022-07.

[54] There were a few cases which were excluded for both reasons.

[55] The interaction of Medicaid and child support is as complicated as the interaction of child support and TANF. It also varies more widely among states. Not all states refer their Medicaid cases to child support and set ongoing cash medical support orders for them. This exclusion only biases the estimates for Option A. Specifically, it neglects the FTRO that would be applied to the current support order in the month that FTRO was received for cases meeting three criteria: the only state-owed arrears was owed to Medicaid; there is a current order; and there was a FTRO. Only 1% of the excluded cases met these criteria. Consequently, the bias is likely to be small.

report, including cases where the only state-owed debt is Medicaid distracts from the discussion of how to send more child support collections to current and former TANF families. Third, Michigan has made major changes recently to its child support policies that interact with Medicaid.

As of 2023 in Michigan, Medicaid debt could accrue due to ongoing orders for cash medical support while the family was enrolled in Medicaid and due to Medicaid-paid birth expense recovery. As of January 1, 2025, Michigan terminated Medicaid-paid birth expense recovery and began forgiving state-owed birth expense debt.[56] This includes about $215 million of Medicaid debt for 85,585 cases.[57] As of January 1, 2025, Michigan also reduced its guidelines amount for average ordinary medical expense from $454 per year per child to $200 per year per child.[58] Cash medical support orders are often set at the average ordinary medical expense amount. In turn, this should reduce state debt associated with Medicaid over time.

METHODOLOGY

For each option, CPR first identified the appropriate subset of the sample that would be eligible for that option. Then, CPR applied the distribution sequence for that option to identify those families that would receive more child support due to that option as well as the child support amount. The subsamples generally consisted of sampled cases with any state arrears (besides Medicaid-only but did include cases where there was debt due to child support or child care) in 2023 for Option A since they would be the cases affected by DRA distribution of FTRO; former assistance cases with PAA owed as of December 2022 for Option B; current assistance cases with PAA owed as of December 2022 or unpaid current support in 2023 for Option C; and cases with CAA as of December 2022 for Option D. Appendix A provides more details about the application of distribution sequence used to estimate the numbers of cases that would benefit from each option and the amount of additional child support collections that OCS would send those families.

Estimations and Analytical Method

CPR originally intended to estimate the total number of cases likely to be affected for each option by identifying the number of cases in the sample affected by a particular option and multiplying that number by 36 (which is the ratio of the entire caseload meeting the sampling criteria divided by 5,000, which is the sample size), but abandoned the approach due to the small number of sampled cases with current FIP and payment of arrears, the small number of sampled cases with CAA and FTRO, and other small counts of subpopulations. The small sample sizes produce large margins of error that are uncomfortable for projections. Instead, the total number of cases in the sample that would be affected

[56] Frisch, Erin, Director of Michigan DHHS Office of Child Support. (Dec. 11, 2024). *Ending the Recovery of State-Owned Birth Expenses and Forgiving State-Owned Birt Expense Debt.* IV-D Memorandum 2024-021. Retrieved from https://mdhhs-pres-prod.michigan.gov/ChildSupport/policy/Documents/2024-021.pdf.
[57] Adrian, Michael. (Sept. 16, 2025). *Child Support Passthrough and Distribution*. Presentation to the National Child Support Engagement Association (NCSEA) Webtalks.
[58] 2025 Michigan Child Support Formula Manual.

by a particular option is reported and then broken down by the demographic of interest. CPR relied on various statistical tests to determine differences between means or proportions.[59]

Other Considerations

CPR originally planned to factor in behavioral effects from full pass-through—namely, other studies find improvements in the number of TANF families receiving child support and payments due to full pass-through of current support.[60] Including this consideration would undoubtedly bump up the counts and dollar amounts. CPR also abandoned this due to the small number of subpopulations in the random sample that limit the ability to estimate the effect. CPR also did not address the impact of arrears compromise and other policies that affect the amount of state-owed arrears or the amount of child support collected. Although these factors are important, they are ambitious research projects on their own right that are beyond the scope of this study and limited by the sample size.

STUDY AND DATA LIMITATIONS

In summary, the study has several limitations. As already mentioned, one of the major limitations was that the sample sizes for some of the sub-analyses were smaller than projected. This limited the ability to forecast as well as detect statistical differences between subgroups. The exclusion of orders where the only state debt was owed due to Medicaid receipt (i.e., there was no past-due current support—also referred to support for general care in Michigan—owed to the state) likely resulted in a small underestimation of the number of orders affected by Option A—specifically, those with a current order for support would receive that amount from a FTRO collection. The underestimation is likely to be small because FTRO is infrequent among cases where the only state-owed arrears is for Medicaid (i.e., FTRO occurred in about 1% of these cases). FTRO would be distributed to current support first in that month of the FTRO. Ongoing orders for support are generally much smaller than FTRO amounts. Other data limitations, such as the consideration of every debt type, were of less concern because of their infrequency.

Another limitation is inherent to using previous data to predict the future. The circumstances of families may change (e.g., an economic recession could increase FIP participation and reduce child support collections). Child support policies also change over time, and these changes may alter the numbers of families affected by each option.

[59] Chi-square and student t-test and ANOVA, F-test and Dunnett T3.

[60] Zolot, Thomas, et al. (Dec. 2020). "Dollar for Dollar: Why the Child Support Pass-Through Makes Sense." *Policy & Practice.*

SECTION 3: FINDINGS FROM THE ANALYSIS

There are three components to comparing the DRA options. The first considers the number of potential cases meeting the criteria for applying each option (e.g., the number of cases analyzed that are current assistance cases with PAA for Option C). The second considers the percentage of potential cases where the child support collection is sent to the family (instead of the state) when applying that option—hereafter called the family first receipt rate (FFRR) because the sequence consists of sending child support collections to the family first.[61] The third component estimates the annual amount sent to the family under that option. Each component contains numerous factors that affect it (e.g., why was child support unpaid in the first place and why is it being paid later?). The analysis does not address these underlying factors.

As shown in Exhibit 6, the majority of analyzed cases would be eligible for Options A and B because FTRO can be applied to any child support debt (which is a criterion for applying Option A) and there are many former assistance cases with PAA (which is a criterion for applying Option B). Exhibit 6 shows a smaller number of analyzed cases eligible for Option C because of the small FIP caseload and OCS caseload that are current assistance (see Exhibit 5). Few cases are eligible for Option D because by definition CAA is limited to cases with old arrears.

Exhibit 6: Estimated Number of Analyzed Cases that Could Potentially Benefit from Each Option and their Estimated Family First Receipt Rate (FFRR)

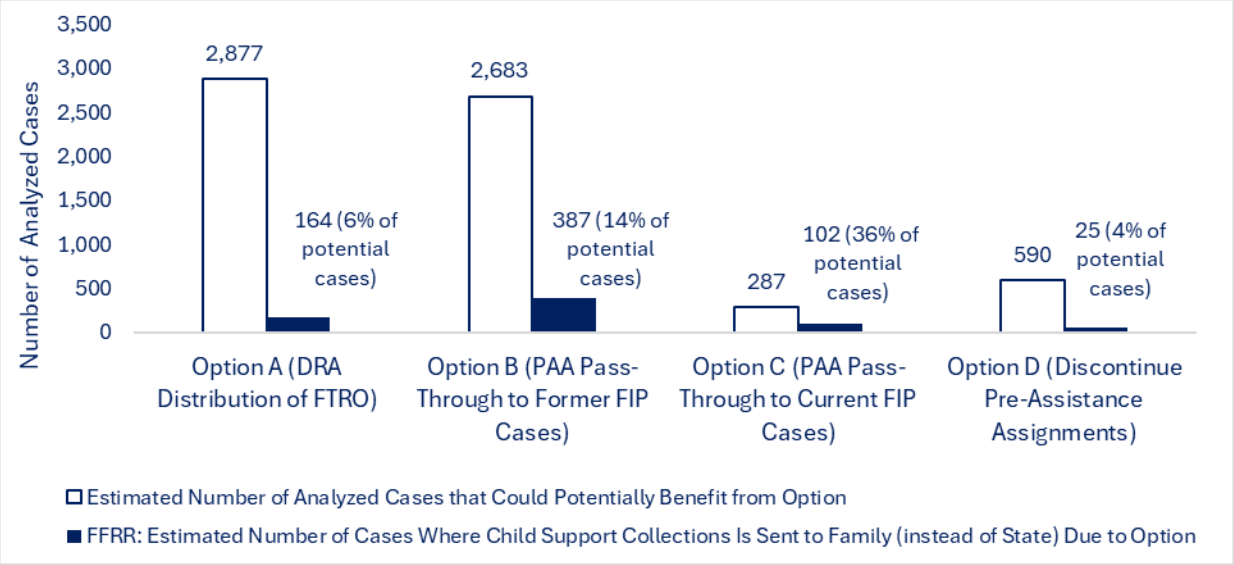


Exhibit 6 also shows the number and percentage of potential cases (i.e., FFRR) under each option where child support collections would be sent to the family (instead of the state). The FFRR ranges from a low of 4% for Option D to a high of 36% for Option C. The range may indirectly reflect that more current

[61] As a point of clarity of terminology, for Options B and C this could be called the pass-through rate because PAA collections are passed-through to the family. However, pass-through is not how more child support collections are sent to the family under Options A and D. Under DRA, FTRO is distributed like other child support collections; hence, FTRO is not pass-through. For Option D, the assignment to the state is discontinued, which is also not pass-through.

Internal

cases are more likely to have child support collections than older cases. Option C affects more current cases, while Option D affects more older cases. The differences in the FFRR are statistically insignificant between all options except Option A and Option D.[62]

Child support must be collected before it can be sent to the family. Yet, all potential cases have a history of child support not being collected. The low FFRRs echo the findings from several other studies that much of state arrearages are uncollectible.[63] As a comparison, California estimated (and subsequently found) that just over 10% of its former assistance families would benefit from pass-through of PAA collections.[64] The OCSS Flexibility, Efficiency, and Modernization Rule (FEM)[65] also refers to low arrears collectability rates. FEM aims to increase regular, on-time payment to families, to increase the number of obligor parents working and supporting their children, and to reduce the accumulation of unpaid arrears.[66] And, high rates of uncollectable arrears are one reason why most states (including Michigan) offer debt compromise programs.[67]

Exhibit 7 shows the average and median annual amount of child support collections sent to the family under each option.[68] Families would receive the most child support through Option B: an average of $1,165 per year per family. Families would receive the least child support through Option C, an average of $588 per year per family, which is statistically less than Options A and B.[69]

In all, the analysis suggests that Option B will affect the most families and result in the same if not more child support collections being sent to families than any other option.

The remainder of this section explores the findings by the eight family demographics and summarizes other findings from the analysis.

---

[62] Chi-square, $\alpha < .05$.

[63] For example, see Sorensen, Elaine, et al. (Jul. 10, 2007). *Assessing Child Support Arrears in Nine Large States and the Nation.* Retrieved from https://aspe.hhs.gov/reports/assessing-child-support-arrears-nine-large-states-nation-0.

[64] See California Legislative Analyst's Office. (Feb. 18, 2022). *The 2022–23 Budget: Analysis of Child Support Program Proposals.* p. 5. Retrieved from https://lao.ca.gov/Publications/Report/4550. Another study conducted under this grant effectively shows that the actual numbers were very close to the estimates.

[65] *Federal Register*, Vol. 81, No. 244. (Dec. 20, 2016). Department of Health and Human Services Centers for Medicaid Services. Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs. Vol. 81, No. 244. Retrieved from https://www.gpo.gov/fdsys/pkg/FR-2016-12-20/pdf/2016-29598.pdf.

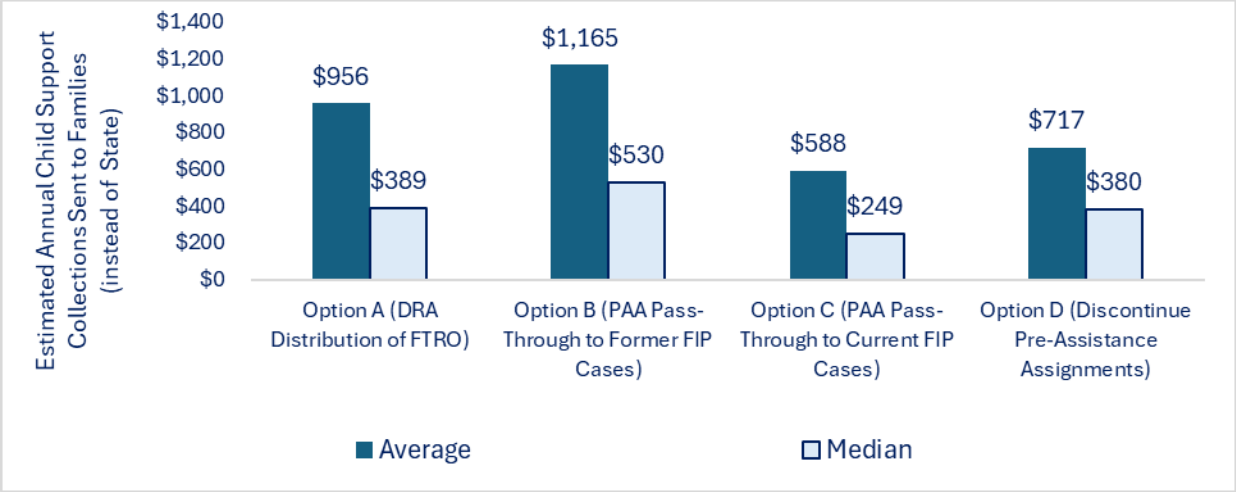
[66] U.S. Department of Health & Human Services. (Nov. 17, 2014). "Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs: Proposed Rulemaking" 79 *Federal Register*, p. 68548. Retrieved from https://www.govinfo.gov/content/pkg/FR-2014-11-17/pdf/2014-26822.pdf.

[67] See U.S. Department of Health & Human Services. Office of Child Support Services. (n.d.). *State Child Support Agencies with Debt Compromise Policies*. Retrieved from https://acf.gov/css/map/state-child-support-agencies-debt-compromise-policies.

[68] The average and medians are limited to those where the option would apply. The average and median would be much less if calculated from the potential number of orders affected by each option.

[69] T-test, $\alpha < .05$.

Exhibit 7: Estimated Annual Child Support Collections Sent to a Family (instead of the State)

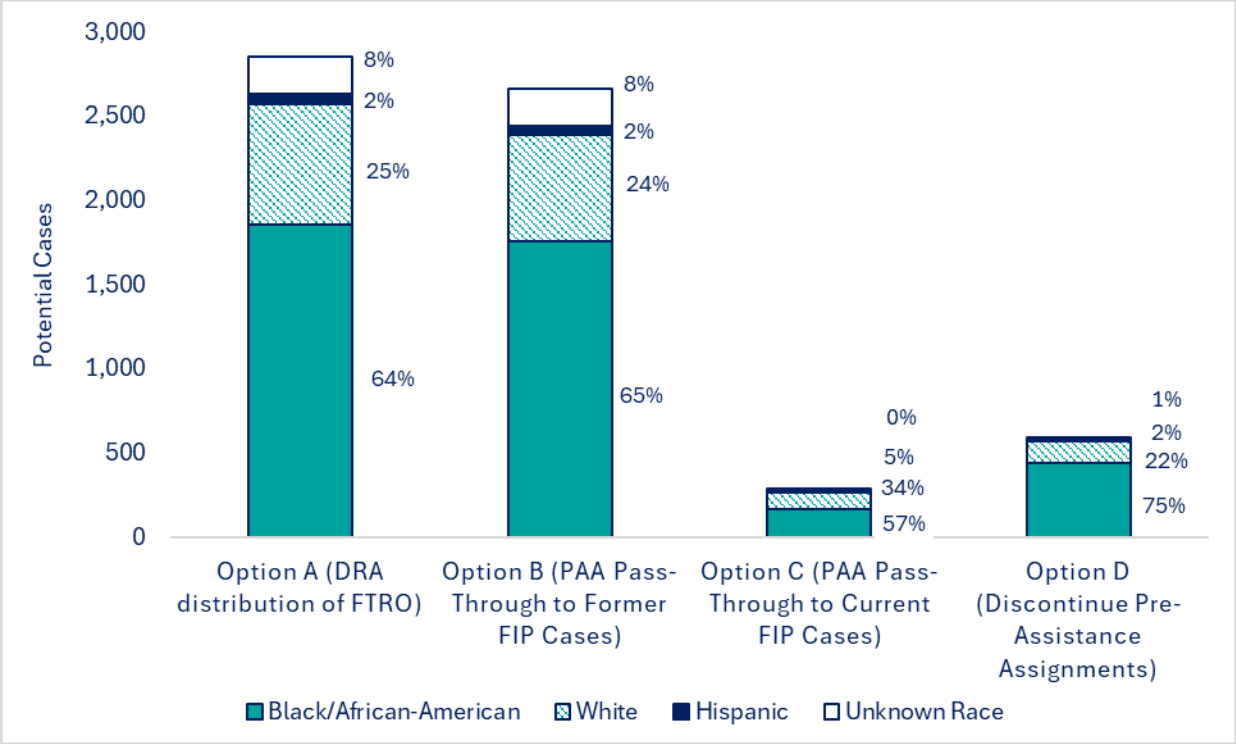


FAMILY DEMOGRAPHIC 1: RACE AND ETHNCITY OF THE PARENT RECEIVING SUPPORT

The analysis by race and ethnicity of the parent receiving support is limited to four categories that have larger numbers of analyzed cases: Black/African-American, non-Hispanic (62%); White, non-Hispanic (31%); Hispanic, any race (3%); and race is unknown (5%). MiCSES tracks other categories, but they comprise about 1% of analyzed cases. Exhibit 8 charts the distribution of potential cases for each option by race and ethnicity. Although there appear to be racial/ethnic differences in the percentages, when considering the sheer count of potential cases, the percentage differences are less meaningful. For example, Option D has a higher percentage of families with a Black/African-American parent (75%) than Option B, where the percentage of families with a Black/African-American parent is 65%, but in the context of the number of potential cases with a Black/African-American parent, Option B would affect more families with a Black/African-American parent than Option D would.

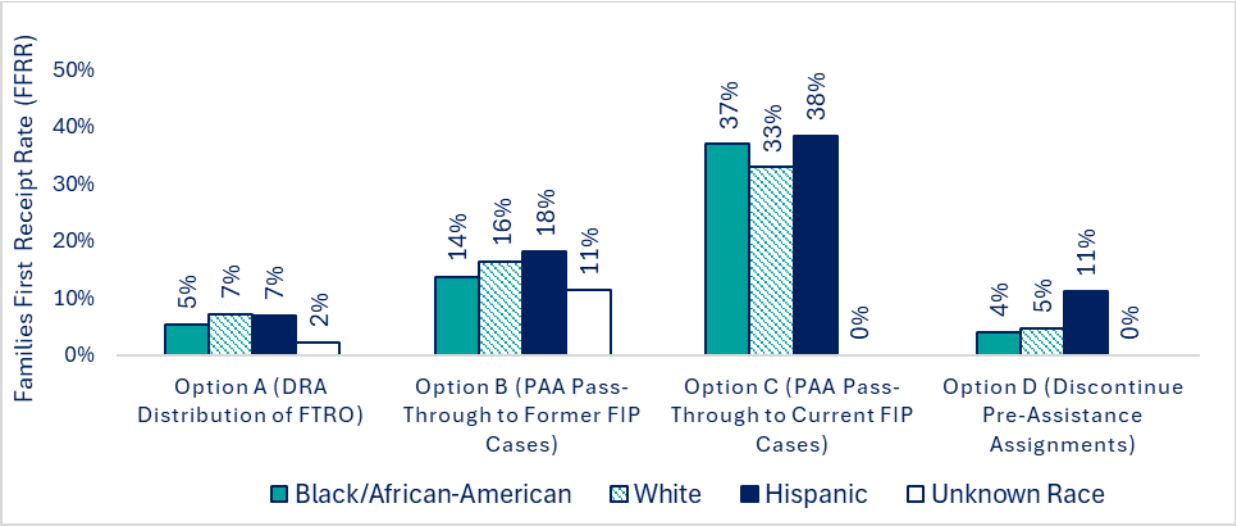
The number of potential cases eligible for each option only tells part of the story. The second part of the story is whether there are child support collections that will be sent to the family (instead of the state) under each option. This not only depends on whether child support is collected, but also how much is owed (which may also be a function of how much previous child support went unpaid) and other factors depending on the option and the circumstances of the case. To be clear, this informs which families are more likely to benefit from each option but cannot be used to comment on other racial/ethnic differences that may affect what was owed and collected. As shown in both Exhibit 6 and Exhibit 9, the FFRR is higher for Option C than other options. Regardless of what option is implemented, the FFRR is zero or low for families with a parent with an Unknown Race. With regards to other races and options, none of the differences in FFRR are statistically different.

Exhibit 8: Potential Cases by Option and Race and Ethnicity of the Parent Receiving Support



The percentages do not add up to 100% for Option C because 4% of the parents were of other races.

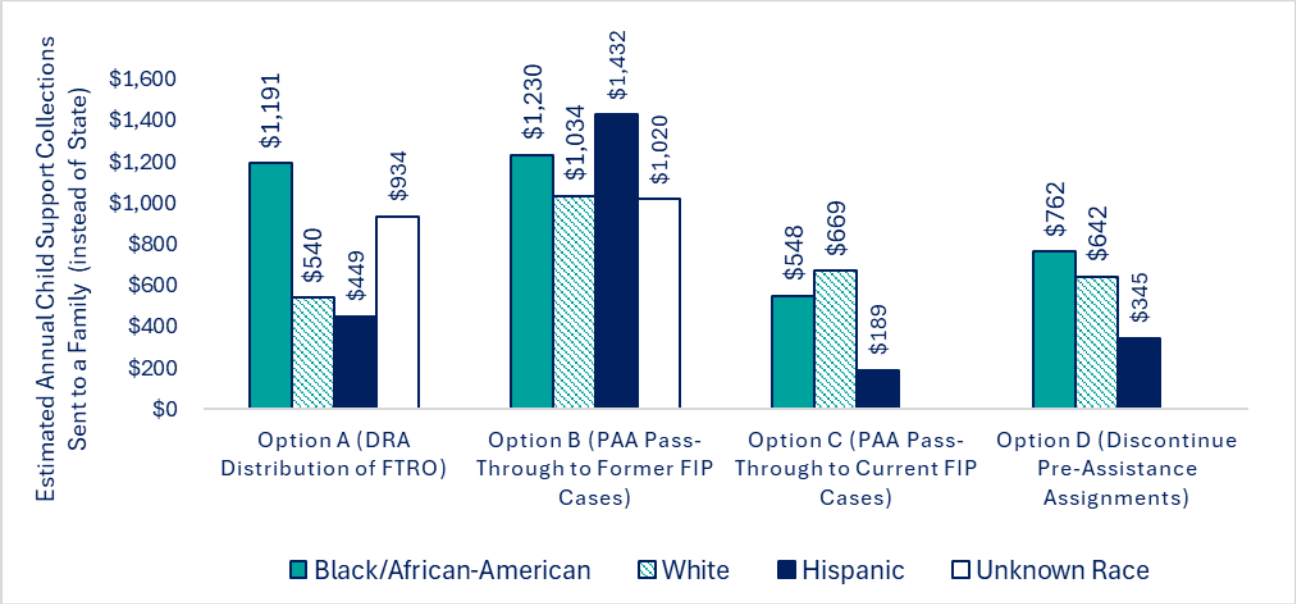
Exhibit 9: Estimated Family First Receipt Rate (FFRR) for Each Option by Race/Ethnicity



The average annual amount of child support collections for each option appear to vary by race and ethnicity (see Exhibit 10), but most of the differences are not statistically significant. A notable exception is under Option A: the estimated collections sent to families would average $1,191 per year for families with a Black/African-American parent, which is statistically different than the amount for

families with a White parent.[70] The sample sizes of families with a Hispanic parent or an Unknown Race were too small to conduct statistical tests. For options B, C, and D, there were slight variations in estimated collections between families with a Black/African-American parent and families with a White parent, but none were statistically different.

Exhibit 10: Estimated Annual Child Support Collections Sent to a Family (instead of the state)



Family Demographic 2: Current FIP Status

Poverty status and current income are not tracked by MiCSES, so FIP status is used as an indicator of family financial need. Families receiving FIP are certainly impoverished due to the FIP income eligibility determination, while other families in the sample may or may not be impoverished. The analysis considered two categories: families receiving FIP for at least one month in 2023 (ever FIP in 2023) and families that did not receive FIP at any time in 2023 (never FIP). CPR limited the analysis to these categories because only 1.5% of sampled families received FIP every month, so the sample size was not large enough to look at families with FIP every month and FIP some months separately. Approximately 6% of analyzed cases received FIP any time in 2023. Exactly 6% of sampled families eligible for FTRO received FIP sometime in 2023. Families that received FIP in 2023 would all be affected by Option C since an Option C criterion is current FIP. However, since many FIP families are on and off FIP, many families that were on FIP part of 2023 are also eligible for Option B because they would be former assistance in the months they do not receive FIP: 6% of sampled cases eligible for Option B received FIP sometime in 2023. None of the families receiving FIP in 2023 had conditionally assigned arrears, which would make them eligible for Option D.

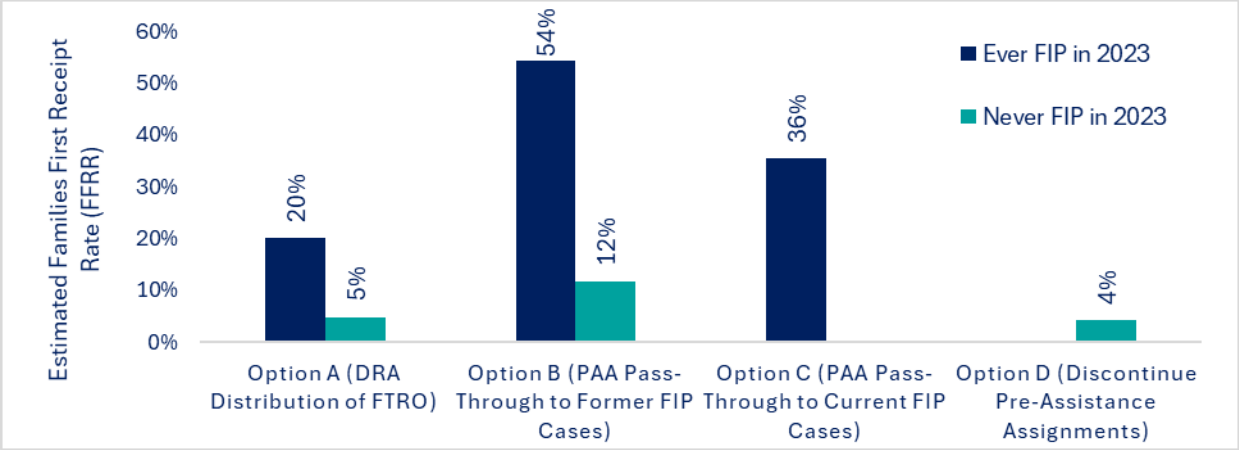
As shown Exhibit 11 for Options A and B, the FFRR was statistically higher for families ever FIP in 2023 than it was for families who were never FIP in 2023.[71] Further, Option B has a statistically higher FFRR

[70] T-test, $\alpha < .05$.
[71] Chi-square, $\alpha < .05$.

Internal

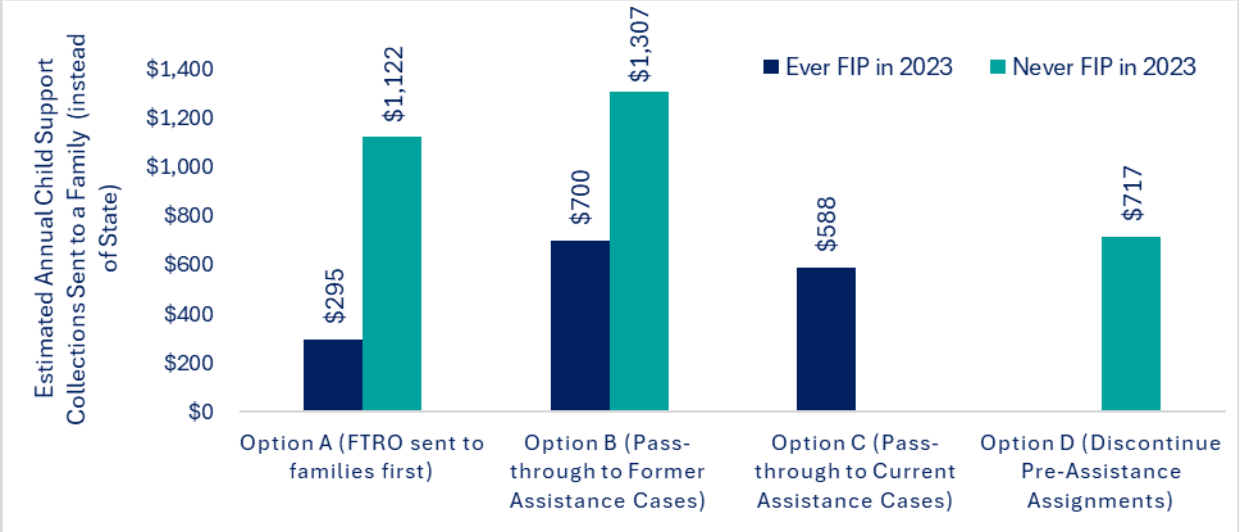
than Option C for ever FIP families, suggesting that Option B would be the better option since more ever FIP families would benefit from it due to how often families cycle on and off FIP within 12 months.[72]

Exhibit 11: Estimated Families First Receipt Rate (FFRR) by FIP Status in 2023



The average child support collections sent to the families (instead of the state) differed significantly for both Options A and B. For Option A, the estimated collections averaged $295 for families ever FIP and $1,122 for families never FIP.[73] For Option B the estimated collections averaged $700 for families ever FIP and $1,307 for families never FIP.[74] Exhibit 12 also shows the average annual collections sent to a family for ever FIP in 2023 would be more under Option B ($700) than Option C ($588), but that difference is not statistically significant. If it were, it may further tilt the scale favoring Option B for ever FIP families.

Exhibit 12: Estimated Annual Child Support Collections Sent to a Family (Instead of State) by FIP Status



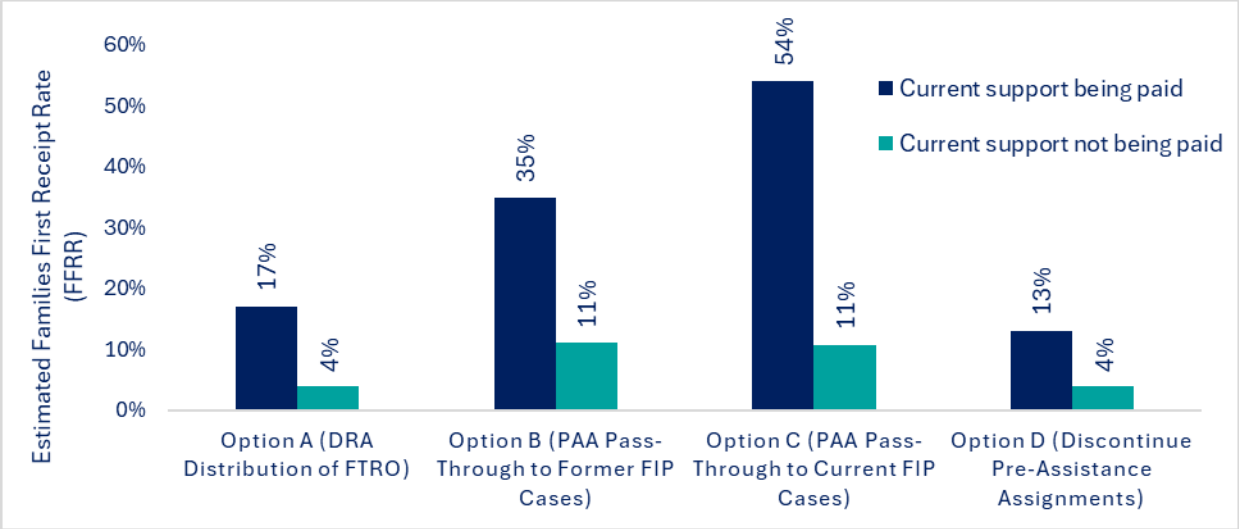
[72] Chi-square, $\alpha < .05$.
[73] T-test, $\alpha < .05$.
[74] T-test, $\alpha < .05$.

Internal

Family Demographic 3: Whether There is Current Support Being Paid

The analysis includes two categories: families that received current support during at least one month in 2023 (27%) and families that did not receive any current support during 2023 (73%). The latter included families where there were not a current support order and the only child support owed was arrears. Families owed and not receiving current support constitute a majority of potential cases for Options A (86%), B (86%), and D (96%), and about half the potential cases in Option C (43%). Across all four options, the FFRR was statistically higher for families owed and receiving child support than those who did not (see Exhibit 13).[75]

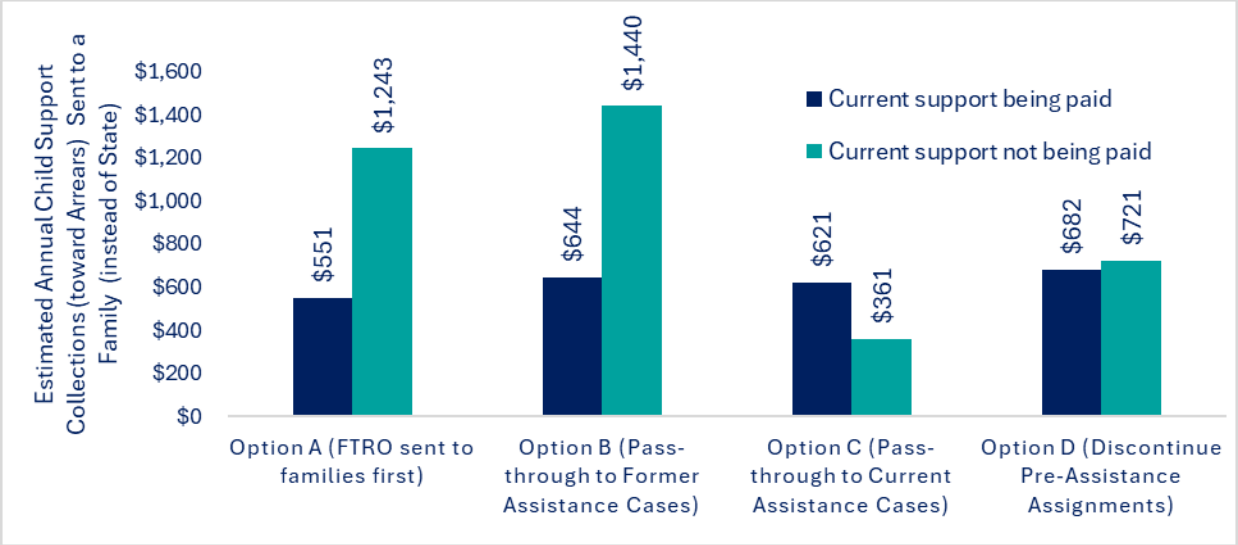
Exhibit 13: Families First Receipt Rate (FFRR) for Each Option by Whether Current Support Was Owed and Paid



The findings in Exhibit 14 suggest that families owed and receiving current child support will receive less child support collections under Options A and B than families not receiving current support. Families that did not receive current support in 2023 have estimated yearly collections from arrears for Options A and B where the averages are approximately twice as much as the average estimated arrears collections to families that did not receive current support in 2023. Conversely, for Option C, the estimated arrears collections averaged $621 per year for families that received current support in 2023, which was statistically higher than the $361 estimated for families that did not receive current support in 2023.

[75] Chi-square, $\alpha < .05$.

Exhibit 14: Estimated Annual Child Support Collections (from Arrears) Sent to a Family (Instead of State) by Option and Whether Current Support Was Owed and Paid



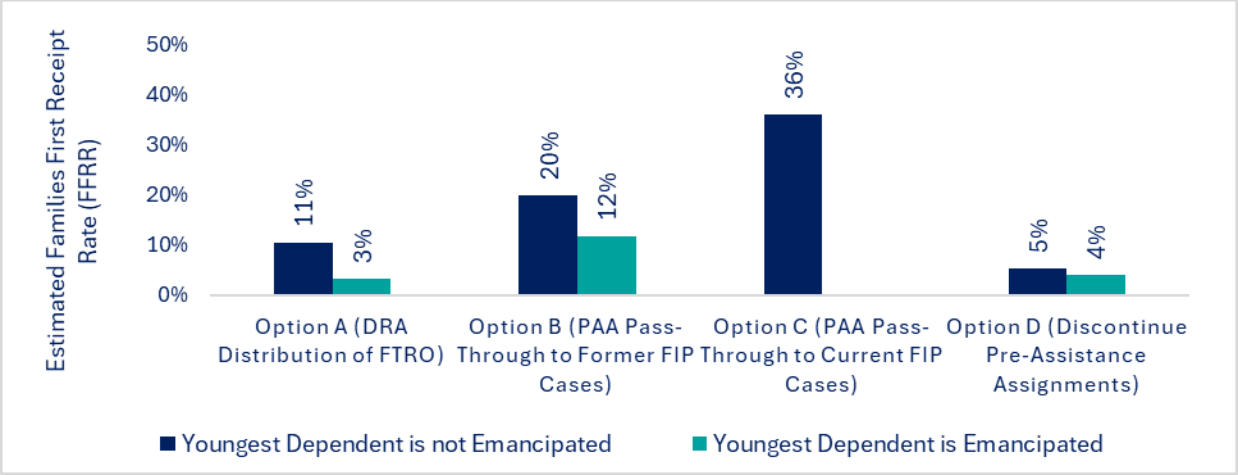
FAMILY DEMOGRAPHIC 4: WHETHER CHILDREN ARE EMANCIPATED

For this discussion, CPR does not use the term, "emancipation" in the legal sense. Instead, it uses it to mean when child support ends, which is age 18 in Michigan unless the child is still completing high school or other special circumstances. Orders for current support can obviously provide for the child's financial well-being until the child emancipates. Payment toward arrears can also provide for the child's financial well-being when the children are still young and living with the parent owed support. The concern is whether payment toward arrears occurs after all the children are emancipated and are living apart from the parent owed support. To this end, this analysis considers two categories: families where the youngest dependent was likely not emancipated (18 years and under) and families where the youngest dependent was not likely emancipated (over 18 years). These categories each represented about half of analyzed cases, with 46% of receiving parents' youngest dependent being emancipated and 54% not emancipated. For Options A and B, receiving parents whose youngest dependent was emancipated represented two-thirds of potential cases. The distribution of potential cases for Option C and D was more skewed, with Option C largely comprised of receiving parents whose youngest dependent was not emancipated (99%) and Option D including mostly receiving parents whose youngest dependent was emancipated (87%).

As shown in Exhibit 15, the FFRR differed among families by whether the youngest child was emancipated. The FFRRs were statistically higher when the youngest child was not emancipated than when the youngest child was emancipated.[76] For Option C, the FFRR was 36% for receiving parents whose youngest child was not emancipated and 0% for receiving parents whose youngest child was emancipated; however, these were not statistically different (likely due to the small sample size). The FFRR for Option D was similar in both categories.

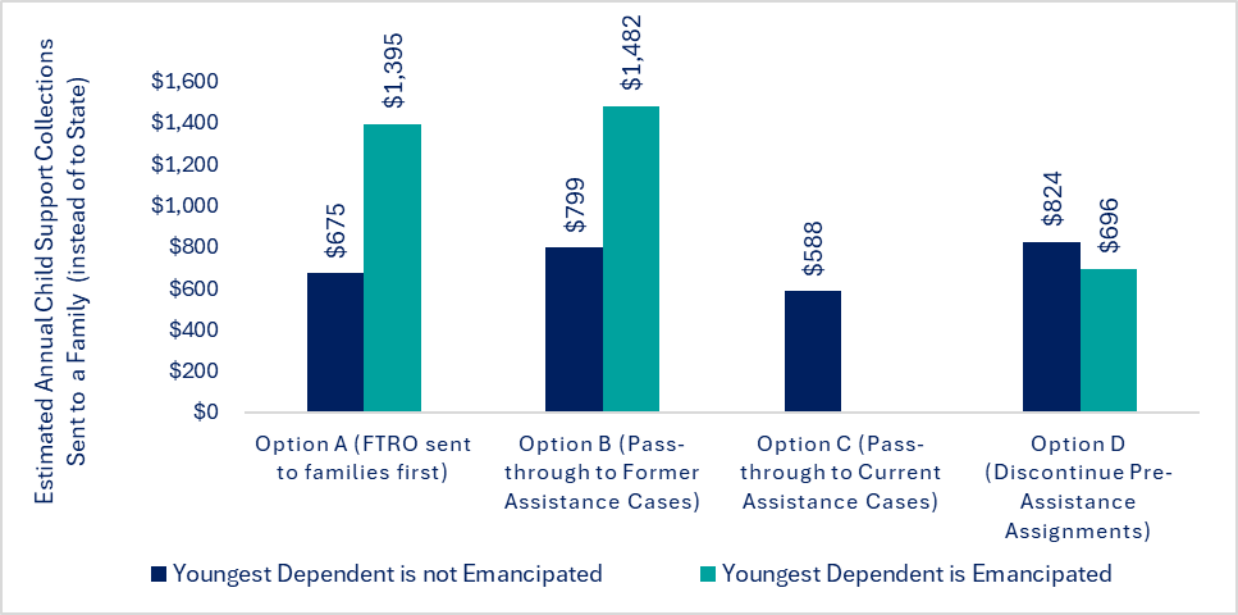
[76] Chi-square, $\alpha < .05$.

Exhibit 15: Estimated FFRR of Each Option by Youngest Dependent Emancipation Status



Options A and B generally had higher estimated collections per family per year (see Exhibit 16). For Option A, the estimated yearly collections average was $1,395 per year for a family whose youngest dependent was emancipated, which is statistically different than the amount for a family whose youngest dependent was not emancipated.[77] Similarly, for Option B, the estimated yearly collections average was $1,482 per year for a family whose youngest dependent was emancipated, which is statistically different than the amount for a family whose youngest dependent was not emancipated.[78]

Exhibit 16: Estimated Annual Child Support Collections Sent to a Family (Instead of State) by Option and Youngest Dependent Emancipation Status



[77] T-test, $\alpha < .05$.
[78] T-test, $\alpha < .05$.

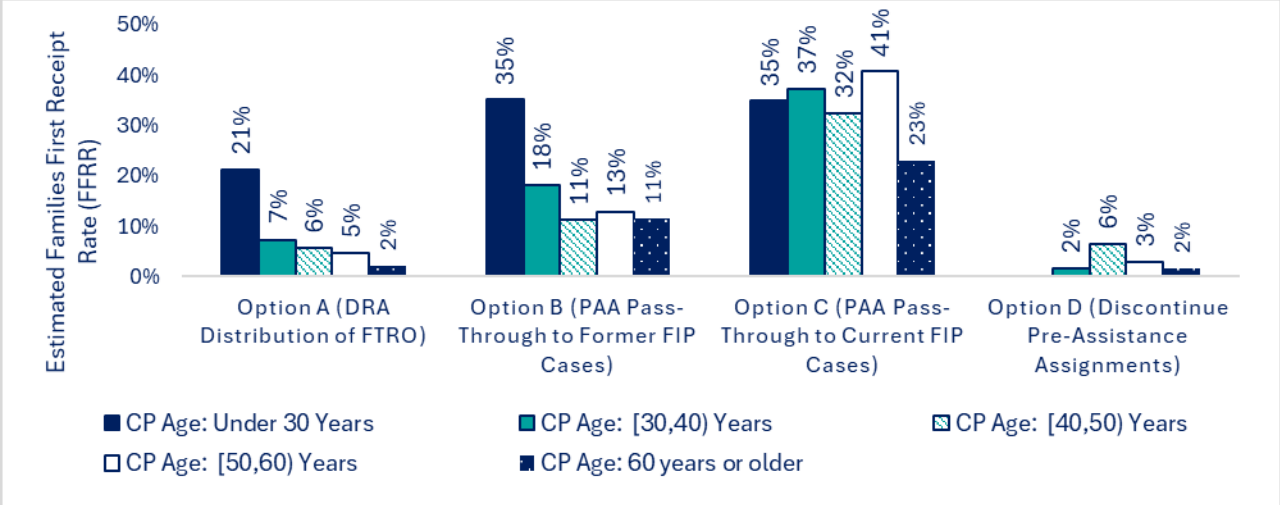
Internal

Family Demographic 5: Age of the Parent Receiving Support

The analysis by age of the parent receiving support included five categories: under 30 years (7%), 30 to 39.99 years (32%), 40 to 49.99 years (29%), 50 to 59.99 years (20%), and 60 years or older (12%). Older receiving parents (aged 50 and above) represented about half of the potential cases for Options A (48%), B (48%), and D (45%), but only 13% for Option C. Conversely, younger receiving parents under the age of 30 represented 5% or less of potential cases for Options A, B, and D.

Older receiving parents are less likely to receive pass-through despite being more likely to be eligible for it (see Exhibit 17). For Option A, the 2% FFRR for receiving parents 60 years or older was statistically lower than all other age categories.[79] Conversely, receiving parents under the age of 30 had an FFRR of 21%, which was statistically higher than all other age categories.[80] For Option B, the receiving parents under the age of 30 had an FFRR of 35%, which was also statistically higher than all other age categories.[81] Receiving parents between 30 and 30.99 years of age had an FFRR of 18%, which was also statistically higher than the three highest age categories.[82] The FFRR among all age categories was similar in Options C and D.

Exhibit 17: Estimated FFRR of Each Option by Age of the Parent Receiving Support

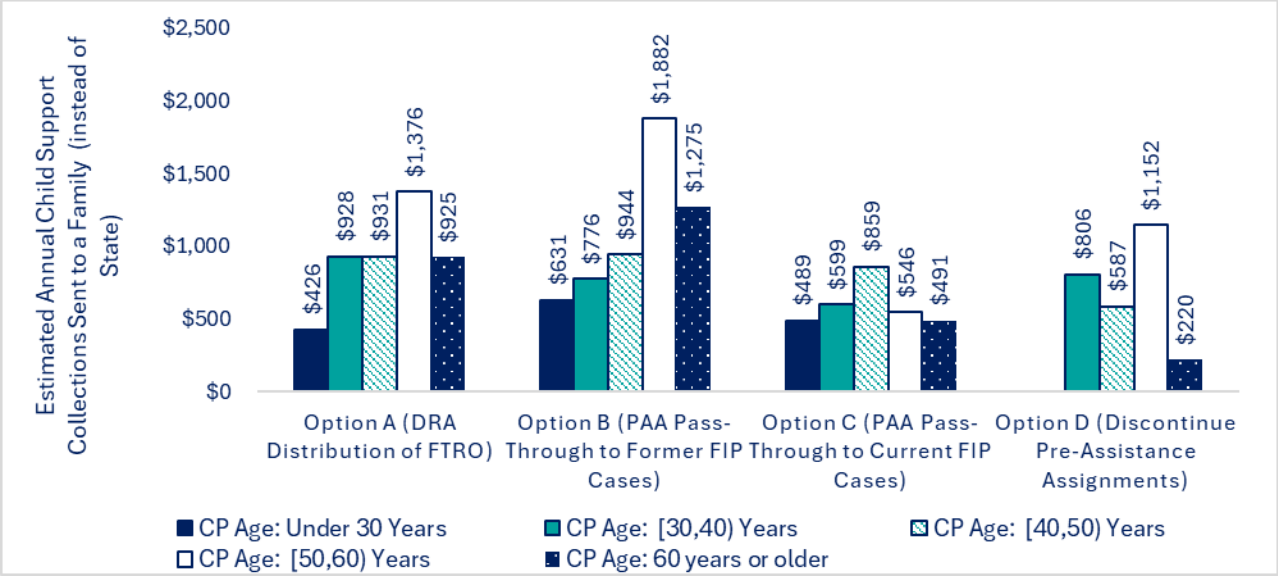


Older receiving parents are forecasted to receive more pass-through on average than younger receiving parents for Options A and B (see Exhibit 18). For Option A, the estimated yearly collections average was $426 per year for receiving parents under 30 years, which is statistically less than the amount for receiving parents between 50 and 59.99 years.[83] For option B, the estimated yearly collections average was $1,882 per year for receiving parents between 50 and 59.99 years, which is statistically higher than

[79] Chi-square, $\alpha < .05$.
[80] Chi-square, $\alpha < .05$.
[81] Chi-square, $\alpha < .05$.
[82] Chi-square, $\alpha < .05$.
[83] F-test and Dunnett T3, $\alpha < .05$.

the amount for receiving parents under 30 years and between 30 and 30.99 years.[84] There were not any statistical differences in the estimated yearly collections averages in Options C or D.

Exhibit 18: Estimated Annual Child Support Collections Sent to a Family (Instead of State) by Option and the Age of the Parent Receiving Support



FAMILY DEMOGRAPHIC 6: MARITAL STATUS WHEN CHILDREN WERE BORN

Data on marital status when children were born was unavailable, so CPR used two variables to address this family demographic: youngest child was born out of wedlock and paternity was established for the youngest child. For the majority of analyzed cases (71%), MiCSES noted the youngest child was born out of wedlock, while it was recorded as born in marriage for 8%, and 21% were unknown. Families where the youngest child was born out of wedlock represented approximately 60% of potential cases for Options A, B, and D, and 91% for Option C. Cases that did not have a child out of wedlock represented less than 10% of potential cases for all four options.

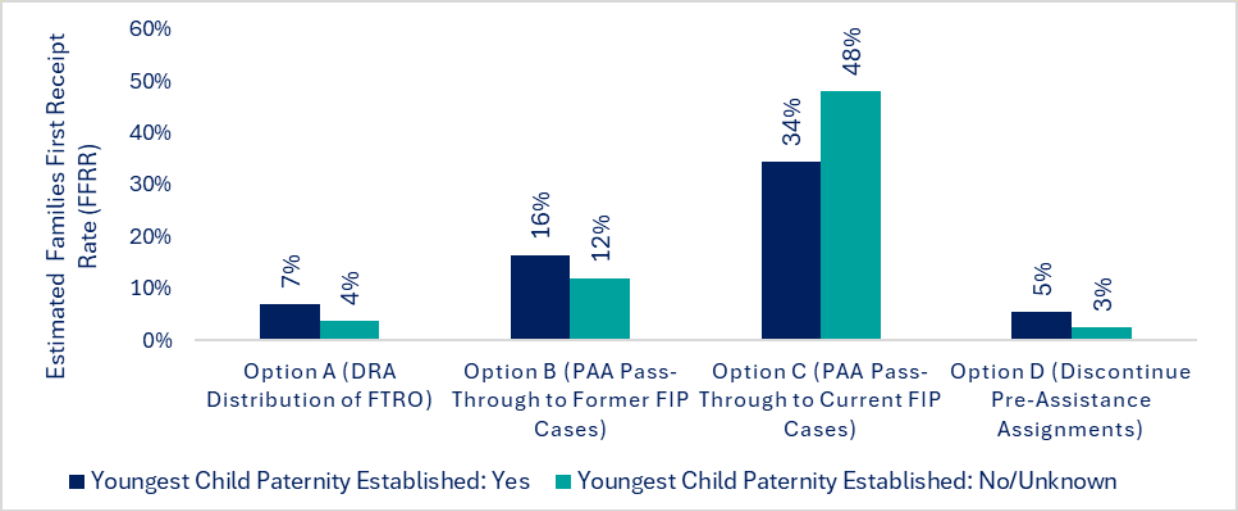
The FFRRs did not differ significantly between cases with and without their youngest child born out of wedlock. Similarly, the average amount of child support collection sent to the family (instead of the state) did not differ significantly between cases with and without their youngest child born out of wedlock. There were statistical differences between unknown youngest child born out of wedlock status and yes/no youngest child born out of wedlock cases; however, no conclusions can be drawn by these findings due to the small number of cases available for sub-analysis.

The youngest child's paternity was established for 72% of sampled cases and not established or unknown for 28% of sampled cases. Cases with the youngest child's paternity established represented between 56% and 58% of potential cases for Options A, B, and D, and 91% of potential cases for Option C. As shown in Exhibit 19, FFRRs varied across options. For Options A and B, the FFRR for cases with their youngest child's paternity established was higher than the FFRR for cases without their youngest child's

[84] F-test and Dunnett T3, $\alpha < .05$.

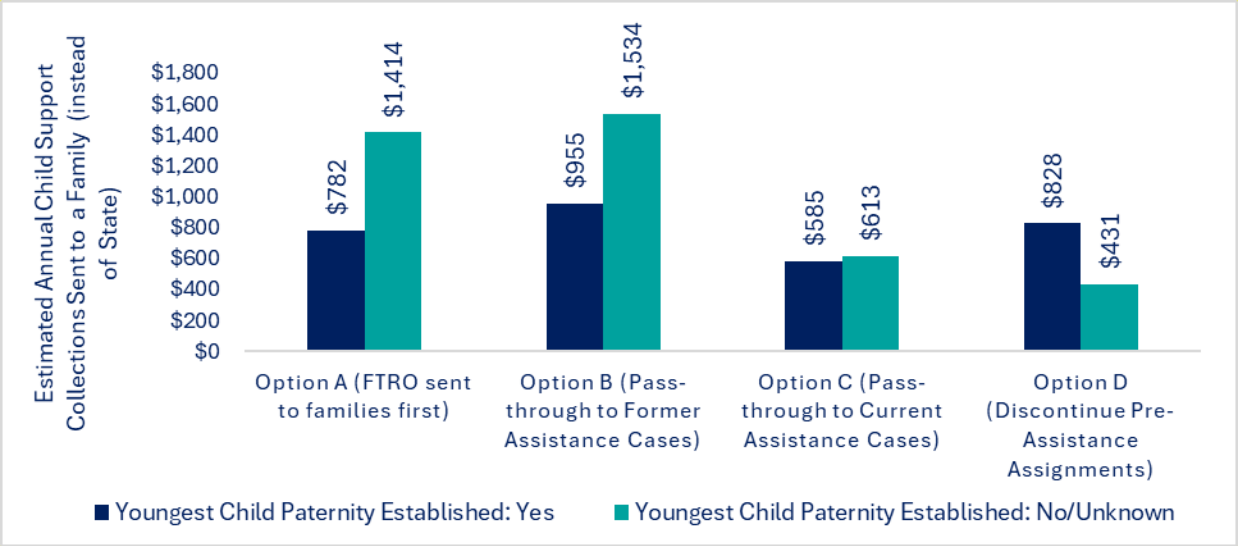
paternity established, and they were statistically different.[85] Although there appear to be some differences in FFRR for Options C and D, neither was statistically different.

Exhibit 19: Estimated FFRR of Each Option by Youngest Child Paternity Establishment



As shown in Exhibit 20, the average annual amount of child support estimated collections for Options A, B, and D appear to vary by youngest child's paternity establishment. However, only the estimated yearly collections averages for Option B are statistically different, with cases with their youngest child's paternity established forecasted to receive $955, compared to $1,534 for cases without their youngest child's paternity established.[86] For Option C, the estimated yearly collections averages were around $600 regardless of youngest child paternity establishment.

Exhibit 20: Estimated Average Child Support Collections Sent to Family (Instead of State) by Option and Youngest Child Paternity Establishment



[85] Chi-square, $\alpha < .05$.
[86] T-test, $\alpha < .05$.

Family Demographic 7: Number of Dependents

For each option, CPR conducted the analysis based on the average number of dependents on the child support case. The average number of dependents ranged from 1.53 to 1.64, and there were no statistical differences within or between options. The number of dependents does not appear to impact eligibility or forecasted pass-through for any of the four options.

Family Demographic 8: Urban and Rural

CPR designated cases as urban or rural based on the zip code of the receiving parent and using urban/rural designations set by the USDA that factor in commuting distance.[87] Among all analyzed cases, 81% were urban, 3% rural, and an urban/rural designation for the remaining 15% could not be determined because the zip code was missing. Among those with a rural/urban designation, the split among potential cases was 96% urban and 4% rural for all options except Option C, which is pass-through of current support to families currently receiving FIP cash assistance. For Option C, the split was 93% urban and 7% rural. This may reflect slightly more FIP uptake in rural areas.

The FFRRs did not differ significantly between urban and rural families. Similarly, the average amount of child support collections sent to a family (instead of the state) did not differ significantly between urban and rural families, but the statistical test was limited by the small number of rural families in each category.

Section 4: Conclusions and Recommendations

States take into consideration many factors when assessing whether to adopt DRA and pass-through options that allow states to put more child support collections in the hands of families rather than retain the child support collections for the state. This analysis looked at four options to put families first and eight different family demographics.

Any of the four options positively affect families. Option B will affect the largest number of families and result in the same, if not more, child support collections being sent per year per family than any other option. Still, not one option emerges as a sure-footed path to improving the financial well-being of families when considering all available policy options for improving financial well-being of families—namely, because child support arrears are not fully paid and the limited number of payer-parents who overpaid federal income taxes during the year and then receive a refund once they file their taxes. Ability to pay support plays a huge role in payment of child support arrears. Further, distribution sequencing generally favors payment of current support prior to arrears. (Obviously, the PRWORA option for FTRO distribution is an exception). Additional policy changes could further increase the amount of child support payments received by families. For example, improving the employment and

[87] U.S. Department of Agriculture. (Sept. 26, 2025). *2020 Rural-Urban Commuting Area (RUCA) Codes*. Retrieved from https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes.

earning capacity of payer-parents is another policy option. In fact, the best way to improve financial well-being of families may be implementing several different policies. This study also does not consider the fairness of retained collections, and how perceptions of unfairness affect lack of cooperation with a government child support agency.

Further, whether one DRA/pass-through option is better than another given a particular family demographic depends on whether the policy priority is to affect more families in general or families of a specific demographic (e.g., those with the greatest financial need), send the largest amount possible to families of a specific demographic, or another policy priority. For example, if the priority is to send more child support collections to current FIP families, Option C (PAA pass-through to current FIP families) would appear to be the priority, but given that most FIP families are only on FIP part of the year and the higher FFRR under Option B, Option B (PAA pass-through to former FIP families) may be the better option because of the PAA pass-through in the months when the family is not on FIP. Further complicating which option to prioritize is the consideration of how much additional child support collections a family is likely to receive in a year. For example, more families cycling on and off FIP may benefit from Option B than Option C because the additional amount of child support collections sent to the family would be more under Option B than Option C (albeit not statistically more due to the small number of cases in the sub analysis).

RECOMMENDATIONS

The authors offer two sets of recommendations: one directed at policy decisions and the other directed at future research.

Policy Recommendations

- OCS may want to decide which family demographic should be prioritized. Current FIP families stand out as those with the most financial need, although less is known about the financial circumstances of former FIP families and their financial needs. OCS may want to conduct surveys and focus groups to learn more about their needs and the extent that child support receipts help keep them off public assistance. Further, OCS may want to focus on families that go on and off FIP within the same year. Option B emerges as the favored option for this population as well as other studied populations.

- OCS may benefit from mapping the findings from this study to their assessment of DRA options that considered other factors (e.g., automated system enhancements and revenue losses) to obtain a sense of the cost effectiveness of each option given the likely amount of additional dollars sent per year per family.

- Due to the volume of sampled cases with state-owned arrears for Medicaid assistance, OCS may also want to explore the extent that these arrears are payable, who benefits from them being paid, alternative distribution and pass-through options, and the negative and positive consequences of assessing Medicaid arrears.

Recommendations for Future Research

- Conduct more analysis on how child support can help families that cycle on and off FIP.
- Consider the role that ongoing orders for arrears (e.g., monthly orders to pay down arrears) play in Options C and D. Ongoing orders for arrears may be the underlying reason why Option B produces more favorable outcomes than other options.
- Conduct the analysis using a larger sample size particularly for cases eligible for Options C and D.
- Conduct additional research on the interaction of OCS and Medicaid policies compared to other states. Michigan's approach is unique among states.

CONCLUDING REMARKS

The general purpose of child support is to help families. The reasons that some child support collections for current and former TANF families are retained by the state involve a long, complicated history and policy decisions that are beyond the scope of this study. Still, DRA provides options for putting more child support collections in the hands of families that currently or formerly received TANF. This study not only shows that any of these DRA options and pass-through options will put more child support collections in the hands of families and which families are likely to be affected by these options, but also provides a snapshot of the families that government child support programs and public assistance programs are trying to help.

APPENDIX A: TECHNICAL APPENDIX

This appendix contains several details about simulating the distribution sequences. The application of distribution sequences varied by option. Option A (Distribution of FTRO collections) is estimated by identifying FTRO collections, whether they were distributed to state arrears or family arrears, whether the family was enrolled in FIP that month, and the amount of current support due. In turn, the proposed distribution sequence was simulated for families in which FTRO collections were applied to state arrears to estimate the number of affected families and the amount of FTRO collections that would be passed-through to them. Option B (PAA pass-through to former assistance families) was estimated for two different case types, then recombining them. The first case type consisted of former assistance families that were never enrolled in FIP in 2023. Those with a reduction from December 2022 to December 2023 were deemed to have benefited from Option B, and the reduction in their PAA was used to estimate how much PAA was passed-through. For families enrolled in FIP for part of the year, the amount was adjusted to only include the proportion of the year that the family was not enrolled in FIP and other appropriate adjustments were made for collections and arrears accrual during FIP months. Option C (pass-through of PAA to current assistance families) was also estimated for two different case types and then recombining them. The first case type consisted of families enrolled in FIP every month of 2023, and the second case type consisted of families who were enrolled in some but not all months of 2023. For both case types, the change in PAA arrears from December 2022 to December 2023 was used as a base, but adjustments were made for past-due current support that accrued over calendar year 2023. That adjustment for those enrolled in FAA only part of the year was adjusted for those months only.

Internal