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MARYLAND HOUSE ECONOMIC MATTERS COMMITTEE TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE IN SUPPORT OF SB 425: DEBT COLLECTION – EXEMPTIONS FROM ATTACHMENT AND EXECUTION

FEBRUARY 14, 2020

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Senator Kelley and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 425

My name is Christopher Sweeney and I am the Staff Attorney for the Workforce Development Project at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteer lawyers, has provided free legal services to over 85,000 Marylanders in a wide range of civil legal matters. In FY2019, MVLS volunteer and staff lawyers provided legal services to more than 5,000 people across the state. Through our Workforce Development project, we encounter many clients who face automobile insurance lapses and their collateral consequences. For the reasons explained below, we respectfully request you vote yes on SB 425.

MVLS' Workforce Development Project is a partnership with occupational training programs in Baltimore City, and is a continuation of the Mayor's Office's 'One Baltimore for Jobs' pilot program. The Mayor's Office of Employment Development began One Baltimore for Jobs as a response to the civil unrest in 2015. The project supports job programs, social services programs, and legal services programs in Baltimore, and connects those programs with support from state agencies such as the Office of Child Support and the MVA. Though funding for legal services via One Baltimore for Jobs has ended, MVLS has continued its part of the project and currently supports six workforce programs in Baltimore. MVLS works with Civic Works, Job Opportunities Task Force, Jane Addams Resource Corporation, Caroline Center, Biotechnical Institute of Maryland, Bon Secours Community Works, and Helping Up Mission to provide 'wrap-around' services – supplementing the trainees' social services with legal services. The goal of the program is to make participants more job-ready by reducing barriers to employment.

Each of the clients I serve through the Workforce Development Project is enrolled in courses to receive job skills training and certification in areas such as welding, machine operation, nursing, pharmacy tech, construction, and weatherization. These non-profit programs are free to students, and are aimed at providing re-entry opportunities for those who were previously incarcerated or who simply lacked educational and employment opportunities due to the experiences of poverty. Many clients whom we see through the Workforce Development Project have judgments against them from old credit cards, medical bills, and other sources. As they take steps to improve their lives and enter the workforce, they face the risk of wage garnishment once they begin to earn money for their families. SB 425 would reduce the burden on struggling families and allow more people to escape poverty.

The fear of wage garnishment is one of many burdens facing our clients who are seeking to enter the workforce. Upon completion of their training, they will be eligible for well-paying jobs, but their past debts can come back to haunt them in the form of a wage garnishment. They may finally be able to comfortably afford food and housing, only to lose up to 25% of their disposable income to garnishment. My clients are enrolled in job training in order to leave their pasts behind and enter the workforce. They are motivated to make their past slip-ups right, but 25% can mean dashed dreams for many people trying to get their lives on track.

SB 425 exempts more income from garnishment by updating the calculation to benefit low-wage workers. The bill would make exempt from garnishment the greater of 75% of disposable wages or the state minimum wage times 50 for the number of weeks in a person's pay period. This means that if a person gets paid every two weeks, \$1,010 of their income is exempt from garnishment. In other words, a person making less than \$1,010 every two weeks is protected from garnishment. The current calculation of 30 times the minimum wage means a person making more than \$606 every two weeks is subject to a 25% garnishment. The new calculation ensures that low wage earners are not crushed by the financial burden of wage garnishment. More disposable income for everyone means more money cycling back into the economy, and more opportunity for people to get out of debt.

Creditors certainly have a right to lawfully collect money owed to them. But the financial burden of wage garnishment prevents too many people from comfortably affording basic necessities. Our clients are often faced with tough decisions when upon completing their job training – the more money they earn, the more can be taken away through garnishment. Our government should not create a perverse incentive to earn less money to avoid garnishment. A lesser burden placed on struggling workers means more opportunity for people to get back on their feet. If passed, SB 425 would allow more people to enter the workforce free from the fear of not being able to afford basic necessities.

MVLS has been fighting to even the playing field for low income Marylanders for decades, and we know that these members of our community face significant financial obstacles when trying to put their lives back on track. The need for our volunteer attorneys is pressing, but legislation like SB 425 would lessen that burden. Lessening the burden of wage garnishment will help people to avoid the consequences as described above, to enter the workforce and become an active member of society. We at MVLS respectfully request that you vote yes on SB 425 .

Chair and members of the Committee, thank you again for the opportunity to testify.