

Child Support Guidelines_FAV_SB847

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Position: FAV



Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF SENATE BILL 847:

Child Support - Guidelines

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

FROM: Christopher Dews, Policy Advocate

DATE: March 4th, 2020

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that advocates for better jobs, skills training, and wages for low-income workers and job seekers in Maryland. JOTF supports Senate Bill 847 as a means to eliminate the criminalization of poverty on low wage workers by reducing the impact of child support related fines and fees.

Low-or-no-wage workers are paying 35% or more of their income to comply with child support orders, compared to only 12% for higher-income obligors. In 2015, NPR reported that 62% of Marylanders who owe child support make less than minimum wage, but owe at least \$10,000 in unpaid arrearages. They will never be able to pay off this debt. Studies show that non-custodial parents that accumulate arrearages have an estimated annual income of \$7,000. A University of Maryland School of Social Work study showed that custodial parents with the lowest income were 10 times more likely to have a payment retained by the State due to unpaid arrearages. Child support debt also triggers a suspended driver's license, arrest, or incarceration, which further complicates the ability for low-wage workers to secure and maintain employment.

The proposed legislation would reform the child support payment structure in a plethora of ways. First, it would take into account an obligor's overall potential employment profile: age, literacy rate, physical and behavioral condition, residence, employment availability, previous attempts to obtain employment, barriers to employment and much more. It even does a deep dive into the current job market for the obligor based on experience and skillset to realistically depict possible deficits to earnings. An analysis of this kind would allow for a more realistic child support obligation from the initial court hearing.

Second, it allows for a self-support reserve clause which is vital to the survival of the obligor. "Self-Support Reserve" means that the child support obligor maintains a minimum amount of monthly income, after payment of child support, federal and state taxes, and FICA taxes of at least 110% of the 2019 federal poverty level or \$13,739. This will ensure that those who owe child support do not fall into the pit of poverty themselves for the sake of paying the state-mandated child support premium.

Lastly, Senate Bill 847 would allow a court to deny a child support claim based on a potential obligor's living condition. If an obligor is unemployed, has no financial resources, is incarcerated, disabled,

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institutionalized in a psychiatric ward, or is wholly unable to obtain employment, a court has the right not to engage in the creation of a child support order altogether. This will lighten both a tremendous administrative burden on the courts and a fiscal burden on the child support obligor.

Senate Bill 847 seeks to address the contentious issue of child support debt in a rational and equitable way, taking into account the child's needs and economic means of all parties involved. JOTF sees this as a leap in the right direction in eliminating barriers to low wage obligors to meet their financial obligations while supporting their extended families and themselves. The courts must take the obligor's actual living and working conditions into account when setting child support orders. For these reasons, we request a favorable report.

TyreeGrimes_FAV_SB847_

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Position: FAV

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TESTIMONY IN SUPPORT OF SENATE BILL 847: **CHILD SUPPORT - GUIDELINES**

TO: Hon. William C. Smith, and members of the Senate Judicial Proceedings Committee

FROM: Tyree Grimes

DATE: March 5, 2020

Good Afternoon Chairman Smith and members of the Judicial Proceedings Committee, my name is Tyrell Grimes and I'm here before you today to speak to the effects that current child support policy has on working-class citizens such as myself.

I'm 30 years old, born and raised in Prince George's County and am currently in the plumbing industry under my own company, "Uphill Plumbers" which I licensed three years ago.

I have two beautiful sons, the oldest of which is my eight-year-old who I currently have a child support order for. The reason I was placed on child support was in response to complications in my relationship with my son's mother. To be blunt, we separated when my son was two years old after I discovered that she had been consistently unfaithful - which is a pain that no one should have to experience. Before I even had time to process, I was served a child support order for my son and told to pay \$767 month. The magistrates refused to conduct a custody hearing and, as is usual in these circumstances for young men of color, the courts levied life-altering decisions in her favor without my input.

At the time, I was a plumber for R&R Mechanical and was subject often to what is known as a "Reduction in Force." This simply means that when the company has no work, we don't work. Needless to say, I still had to pay my bills; \$600 in rent, \$270 for my car and \$200 insurance, \$120 for phone, food, gas and of course my child support payment which I managed to negotiate down to \$500. During these influxes of income, I had to prioritize paying the bills required to sustain housing and transportation for work. In these tough times, I fell behind on child support payments and my driver's license was then suspended for unpaid arrears.

In my industry, transportation is vital. I drive directly to sites all over the state and with my license suspended for arrears, my livelihood was now in jeopardy. I had to take the daily risk of driving to work while suspended and received two driving on suspended violations.

To date, I have knocked my arrears down to just \$2300. I have experienced streams of wage garnishments making it extremely difficult to support myself and my plans to buy a house for my family have been

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derailed since my credit report has been damaged by the arrears. I continue to make my payments on time and wish that there was a way to reduce arrears for remaining in good standing.

Life on child support is extremely difficult for most working-class people. Even more painful is the fact that despite making payments, I haven't seen my son in nine months. This bill should make life a little easier for hard-working people like me and I urge a favorable report.

Marylanders Against Poverty_FAV_SB847

Uploaded by: Jefferson, Stacey

Position: FAV



TESTIMONY IN SUPPORT OF SB 847

Child Support - Guidelines

Senate Judicial Proceedings

March 3, 2020

Submitted by Stacey Jefferson and Margo Quinlan, Co-Chairs

Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

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Marylanders Against Poverty (MAP) supports SB 847, which updates the child support guidelines and sets standards to ensure that child support orders are right-sized to parents' circumstances. It accomplishes this goal by updating the underlying economic data, including a self-support reserve (SSR), and providing more guidance for determining voluntary impoverishment and imputing potential income.

Child Support Guidelines in Maryland have not been updated since 2010 and because of this, the guidelines are based on outdated economic data. Additionally, the current guidelines do not provide guidance at the lowest income levels resulting in a range of order amounts – many of which were set at the lowest listed guideline amount. SB 847 provides guidance at the low end to encourage right-sized orders.

It is vital to create support order that strike a balance between a custodial parent's need for support and a non-custodial parent's ability to pay it. When this balance exists, both children and parents positively benefit. The SSR proposed in SB 847 is intended to provide obligors with a minimum income after payment of child support and federal & state income taxes. Allowing low-income obligors to maintain a portion of their income to meet their own basic needs creates the stability they need in order to fulfill their child support orders, which ultimately builds economic security for their children.

Imputed income is often unrealistically set for parents of low-income levels. Imputed incomes are often higher than actual earnings; therefore, parents are commonly unable to pay the child support order and less of the money is collected. Research shows that 33% of the support order is collected when income is imputed versus 62% when the order is based on actual income.¹ When less money is collected, children do not receive as much support. Non-custodial parents with imputed income are 17% less likely to comply with their support order obligation compared to those who have orders based on actual income.² There are many factors that influence what a parent's potential income might be, and it is important for support orders to not follow a one size fits all approach. SB 847 provides guidance to base income on parents' specific circumstances.

MAP appreciates your consideration, and strongly urges a favorable report on SB 847.

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

¹ Child Support – Potential Income, Voluntary Impoverishment and No Support Order Fact Sheet. Created by the Family Welfare Research & Training Group for the Child Support Advisory Group.

² Reasonable child support orders: The Relationship Between Income and Collections. December 2014.

Family Welfare Research & Training Group. Accessed at:

<https://familywelfare.umaryland.edu/reports1/reasonablesupportorders.pdf>.

Welfare Advocates_FAV_SB847

Uploaded by: Klingenmaier, Lisa

Position: FAV



Welfare Advocates

Founded 1979

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Senate Bill 847 Child Support - Guidelines

Senate Judicial Proceedings Committee
March 4, 2020
Support

Welfare Advocates is a statewide coalition of community-based organizations, advocacy groups, faith communities, and consumers, whose mission it is to educate ourselves and the wider community and to advocate for an adequate safety net and public policies that support families moving towards self-sufficiency. **Welfare Advocates supports SB 847**, which updates the child support guidelines to reflect current economic data and make transparent the self-support reserve within the child support guidelines schedule.

As a condition of receiving Temporary Cash Assistance, applicants must apply for child support and assign their child support to the state. This is required whether or not the parents already have an informal arrangement. The parties are then required to use the guidelines as a basis for determining child support. Maryland has not updated its guidelines since 2010, and those guidelines are based on economic data from 2008. This has negative consequences for the entire family as order amounts do not reflect current economic data as it relates to spending on a child or the amount a noncustodial parent needs to meet his/her basic needs after paying child support.

A self-support reserve is necessary to ensure low-income parents can meet their basic needs. The self-support reserve (SSR) is the minimum amount of income a parent needs to have in order to support themselves, after paying child support and taxes. Currently, there is an SSR built into the child support schedule, but it is “hidden” in the guidelines. SB 847 provides a definition of the SSR, allows the court to deviate from the guidelines if an obligor’s income does not meet the SSR and explicitly indicates in statute where the SSR is built into the schedule.

SB 847 would have a positive impact on both children and their noncustodial parents. By requiring the judiciary to obtain a complete picture of each parent’s financial situation before making decisions to establish child support order amounts, the child is more likely to receive child support payments.¹ If a low-income obligator is believed to be involuntary impoverished, the courts create a child support order based on a fictitious income amount that is often higher than the obligator’s actual earnings. These orders are rarely fulfilled. When child support orders account for the parents’ circumstances, the percent of support collected and median amount paid both increase.

For the reasons stated above, we respectfully urge a favorable report on SB 847.

Submitted by Lisa Klingenmaier, Chair

¹ [Child Support – Potential Income, Voluntary Impoverishment and No Support Order Fact Sheet](#). Created by the Family Welfare Research & Training Group for the Child Support Advisory Group.

Women's Law Center of MD_FAV_SB847

Uploaded by: Ruth, laure

Position: FAV

BILL NO: Senate Bill 847
TITLE: Child Support Guidelines
COMMITTEE: Judicial Proceedings
HEARING DATE: March 4, 2020
POSITION: **SUPPORT**

Senate Bill 847 would update Maryland's Child Support Guidelines to accurately reflect costs in 2020, as well as to make some other changes to help the public understand the Guidelines. The Women's Law Center (WLC) supports SB 847 as it will help children in our state, will help educate the public about the reasoning and logic behind the Guidelines amounts in our law, and will increase the uniformity of orders at higher income levels. The Guidelines amounts desperately need to be updated to today's costs. The WLC participated in the Child Support Advisory Committee work for its 18 months or so duration, and this bill arises as a recommendation from that Committee, slightly modified from 2019's version.

SB 847 would update the Guidelines, which is how the vast majority of child support cases are calculated. Our current Guidelines are based on economic data from 2008. Not only would SB 847 update the Guidelines using current economic data, it would also make clear that the Guidelines have used and still use a self-support reserve for the paying parent. The self-support reserve is the amount of income a parent needs to have available to support themselves and remain above the federal poverty level after paying child support. In our work with self-represented litigants on our statewide family law hotline, we know that people who are being ordered to pay child support often do not realize that economists have weighed in on the issue of their own self-support when devising the Guideline amounts.

SB 847 proposes some revisions to other parts of the Guidelines, including modifying the lower end of the Guidelines for those whose joint monthly income is below \$1250, and raising the combined adjust monthly income from the current \$15,000 to \$30,000. In households with little income, we hope that the revision will encourage compliance. In households with more wealth, the predictability offered by raising this combined monthly income should lower litigation costs by providing more uniform decisions in those income areas. Importantly, SB 847 also adds to the law a definition of voluntary impoverishment, and factors to consider in arriving at an appropriate order. We hope this will have a positive impact on child support cases by giving clear guidance to courts on what constitutes voluntary impoverishment.

The over-arching goal of the Child Support Advisory Committee, with many varied stakeholders participating, was to be realistic in addressing actual needs in today's dollars to support a child and what people can actually afford, to encourage payment, and to support children and families. This bill seeks to accomplish that goal.

Therefore, the Women's Law Center of Maryland, Inc. urges a favorable report on Senate Bill 847.

The Women's Law Center of Maryland is a private, non-profit, membership organization that serves as a leading voice for justice and fairness for women. It advocates for the rights of women through legal assistance to individuals and strategic initiatives to achieve systemic change.

Turnbull, Nicholson, and Sanders_FAV_SB847

Uploaded by: Sanders, Mary

Position: FAV

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March 2, 2020

The Honorable Chair William C. Smith, Jr.

Members of the Judiciary Committee
Miller Senate Office Building, 2 East Wing
11 Bladen Street
Annapolis, MD 21401

Re: SB 847

Dear Members of the Judiciary Committee,

Please accept this written testimony in support of SB 847 – Child Support Guidelines. I am a practicing family law attorney in Maryland with 30 years of experience. I am also a Fellow of the American Academy of Matrimonial Lawyers and long-standing member of the Maryland Bar Association Family Law Section. I am submitting this written testimony on behalf of the High-Income Subcommittee of the Child Support Guidelines Advisory Committee of which I was a Co-Chair with James Milko, Esquire. Both of us are Past Chairs of the Family and Juvenile Law Section Council of the Maryland State Bar Association.

The enactment of the Child Support Guidelines has been a great benefit for Maryland families. It has provided consistency, predictability and has substantially reduced litigation regarding child support, saving the litigants, and the citizens of Maryland. The current Child Support Guideline income matrix maxes out at \$15,000 combined income per month, for a family total income of \$180,000 per year. There is little guidance from the courts on cases that fall above the guidelines, therefore leaving these families with uncertainty and unfortunately, litigation. Maryland, as one of the highest income earning states in the country, has a large number of families earning in excess of \$180,000 combined income per year. These families are not being treated equally or fairly. Anecdotally, we have seen awards of child support with similar incomes vary greatly, as much as \$2,500 per month.

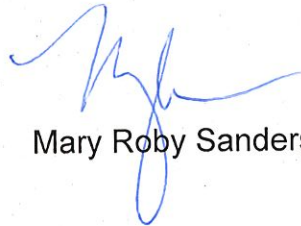
The Honorable Like Clippinger, Esquire
Page Two
February 19, 2020

A simple extrapolation of the current guidelines is problematic because it depends on whose model you use to extrapolate, none of which have been approved by the legislature or the courts. In addition, if a "straight line" extrapolation is adopted, it is not based on economic data, or a true analysis of the child's best interest often resulting in ridiculous and unsubstantiated numbers. Our Sub-Committee analyzed the laws in all 50 states, the economic information provided by the U.S. and Maryland governments as well as the input from many organizations involved in the practice and implementation of child support laws. In addition, we canvassed practicing attorneys in this field. The proposed legislation provides Guideline child support for families with up to combined income of \$30,000 per month or \$360,000 per year. This will cover a vast majority of Maryland families and will close the gaping hole resulting from the current law.

As legislators, it is your duty to pass laws that are beneficial and assist the citizens of Maryland. SB 847 does just that, it will reduce litigation, and bring consistency and predictability to the awards of child support and for the children of our state.

Thank you for your consideration.

Sincerely,



Mary Roby Sanders

MRS\hs

CC: James Milko, Esquire

Sydnor_fav_SB0847

Uploaded by: Senator Sydnor, Senator Sydnor

Position: FAV

CHARLES E. SYDNOR III, Esq.
Legislative District 44
Baltimore City and Baltimore County

Judicial Proceedings Committee

Parliamentarian
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Senator Charles E. Sydnor III
Testimony Regarding SB 847 – Child Support – Guidelines
Before the Senate Judicial Proceedings Committee
March 4, 2020

Good afternoon Mr. Chairman, members of the Judicial Proceedings Committee.

SB 847 offers guidance to courts in reaching fair child support obligation decisions. This bill establishes that calculations of the basic child support obligation must be made by considering the “self-support reserve.” This bill defines “self-support reserve” as “the adjustment to a basic child support obligation ensuring that an . . . obligor maintains a minimum amount of monthly income, after payment of child support, federal and state income taxes, and Federal Insurance Contribution Act taxes, of at least 110% of the federal poverty level for an individual.” SB 847 also authorizes the court to consider, when evaluating a just or appropriate outcome for a case, “whether an obligor’s monthly child support obligation would leave the obligor with a monthly actual income below the 2019 federal poverty level for an individual.” The bill also revises the schedule of basic child support obligations used to calculate child support amounts.

Additionally, SB 847 adjusts the monthly income schedule. The schedule currently includes monthly incomes up to \$15,000. SB 847 expands the schedule to include monthly incomes up to \$30,000.

By making adjustments for the lowest income obligors, this proposal seeks to ensure those obligors retain resources necessary to subsist. By expanding the support schedule to include higher income levels, the measure accounts for current economic realities. Both of these changes help the court achieve child support obligation outcomes that are just and appropriate.

Senate Bill 847 advances its goal of promoting fairness, transparency, and confidence by also addressing potential income, voluntary impoverishment, and no support orders. For clarification purposes and to reflect current economic realities, SB 847 alters the definition of “potential income.” The new definition aims for a comprehensive analysis of what a parent can be expected to contribute by considering employment and earning potential as well as assets and income from sources other than employment.

For circumstances where a parent improperly diminishes his or her financial resources in order to decrease or evade a child support obligation, the bill defines “voluntarily impoverished” and directs the court to make a finding as to whether the parent has voluntarily impoverished himself or herself. The bill establishes the potential income factors that must be attributed to the parent if the court, upon examining the circumstances in their totality, finds that the parent has committed voluntary impoverishment.

Finally, the bill stipulates criteria the court may consider in declining to issue a support obligation, or “no support order.” The criteria include whether the parent lives with and contributes to the support of the child; or is unemployed or otherwise lacks financial resources, is incarcerated or is institutionalized during the time period that the child would be legally entitled to support is totally and permanently disabled, or cannot be gainfully employed because of criminal detainment, hospitalization, or participation in a rehabilitation treatment plan.

This bill helps to ensure Maryland has fair and just child support guidelines. I ask the committee to vote in favor of SB 847.

MSBAFamilyLaw_FAV_SB847

Uploaded by: Smith, Michelle

Position: FAV

To: Members of The Senate Judicial Proceedings Committee

From: Family & Juvenile Law Section Council (FJLSC)
by Ilene Glickman, Esquire and Dan Renart, Esquire
Legislative Co-Chairs

Date: March 4, 2020

Subject: **Senate Bill 847:**
Child Support – Guidelines

Position: **SUPPORT**

The Maryland State Bar Association (MSBA) FJLSC **supports Senate Bill 847 – Child Support - Guidelines.**

This testimony is submitted on behalf of the Family and Juvenile Law Section Council (“FJLSC”) of the Maryland State Bar Association (“MSBA”). The FJLSC is the formal representative of the Family and Juvenile Law Section of the MSBA, which promotes the objectives of the MSBA by improving the administration of justice in the field of family and juvenile law and, at the same time, tries to bring together the members of the MSBA who are concerned with family and juvenile laws and in reforms and improvements in such laws through legislation or otherwise. The FJLSC is charged with the general supervision and control of the affairs of the Section and authorized to act for the Section in any way in which the Section itself could act. The Section has over 1,200 attorney members.

The existing Maryland Support Guidelines child support schedule is based upon economic data that is over a decade old. The Guidelines provide no economic guidance to Judges in cases in which the parents’ combined monthly incomes is less than \$1,250, instead simply providing that Judges utilize discretion in setting the amount of child support in such cases. In many such cases, however, the Courts simply default to awarding the support that is specified in the Guidelines for cases in which the combined monthly income is between \$1,250 and \$1,299. Furthermore, at present, the Guidelines schedule ends at the point at which the parties’ combined monthly incomes reach \$15,000. [Since 1989, when the Guidelines were first established, there has only been a single expansion of the support schedule from the original combined monthly income threshold of \$10,000 to the existing \$15,000 threshold.]. Once the

parties' combined adjusted actual incomes exceed \$15,000 per month, Judges utilize discretion in setting child support. Often, the Bench utilizes a computer program called SASI-CALC to extrapolate the Guidelines support schedule in cases involving combined incomes in excess of \$15,000. However, the child support figures that result from this extrapolation by SASI-CALC is based upon a computer algorithm, as opposed to existing economic data.

SB847 creates improvements to the existing Child Support Guidelines by:

- Establishing presumptively-correct support obligations for cases in which the combined monthly income is less than \$1,250, also factoring in a self-support reserve that is based upon more current economic data than that which was last utilized in 2008;
- Extending the existing support Guidelines to provide presumptively-correct child support amounts in cases involving combined monthly incomes up to \$30,000. Unlike the extrapolation provided by SASI-CALC, SB763 Guideline's support obligations for the \$15,000 to \$30,000 income range is based upon current economic data; and
- Lessening judicial discretion in both low-income and higher-income child support cases by creating presumptively-correct support obligations that are actually based upon current economic data. In turn, this results in more uniformity and fairness in support awards. Furthermore, more realistic child support awards that are based upon actual economic data create a greater likelihood of compliance by child support obligors.

In addition, SB847 addresses the concepts of voluntary impoverishment and potential income, both of which are currently addressed in case law. SB847 codifies the procedure for the Courts to resolve a dispute as to whether or not a parent is "voluntarily impoverished," meaning that he or she does not have adequate resources. Once such a finding is made, child support may be calculated based on a determination of that parent's potential income. HB946 codifies the factors to be considered by the Courts to determine potential income. HB946 will make it easier for *pro se* litigants to access the relevant law and will provide for more consistency throughout Maryland's Courts.

For the reason(s) stated above, the MSBA **supports Senate Bill 847 and urges a favorable committee report.**

Should you have any questions, please contact Ilene Glickman by e-mail at ilene@lawhj.com or by telephone at (410) 821-8718.

Catholic Charities of Baltimore_FAV_SB845

Uploaded by: Vaughan, Regan

Position: FAV

Senate Bill 847
Child Support – Child Support Guidelines

Senate Judicial Proceedings Committee
March 4, 2020

Support

Catholic Charities of Baltimore strongly supports SB 847, which seeks to update the current child support guidelines to reflect current economic data and to update and make transparent the self-support reserve within the child support guidelines schedule.¹

Inspired by the gospel to love, serve and teach, Catholic Charities provides care and services to improve the lives of Marylanders in need. As the largest human service provider in Maryland working with tens of thousands of youth and families each year, we recognize the important role child support plays in lifting children out of poverty. We also recognize the personal and financial damage child support arrears can cause for low-income obligors.

SB 847 sets forth a number of steps that our state can take to bring child support orders more in line with ability to pay. These include:

1. **Updating the guidelines with current economic data** - Included in the proposed bill is an update to the SSR). The SSR is designed to provide the obligor with a minimum income after the payment of child support. SB 847 increases the SSR from \$867 to \$1,145 per month. \$1,145 represents 110% of the 2019 federal poverty level. When the obligor feels the process has recognizes his/her needs and leaves him/her with funds to meet those most basic needs, the obligor is more likely to make child support payments.
2. **Providing courts with additional guidance at the lower income end** - SB 847 adds support order amounts for combined incomes from \$0 to \$1,250 per month. In the current guidelines, the court is provided with a range to choose from and a case-level review found that almost 40% of order amounts were above range.² Of those above range orders, 1 in 3 were set a dollar or two below the first range.³ SB 847 provides specific schedule amounts to encourage right-sized orders.
3. **Codifying the existing case law definition of voluntary impoverishment in statute** - This will better enable pro se litigants the ability to defend against an accusation of voluntary impoverishment.
4. **Providing a list of factors for the potential income determination** - An examination of the state's child support caseload shows that potential income is often determined to be full-time minimum wage. The proposed factors in SB 847 require the court to take a closer look at specific factors affecting an obligor's potential income.

The consequences of uncollected child support can include a fractured relationship between the noncustodial parent and the custodial parent, fractured relationships between the noncustodial parent and his/her child(ren), and the collateral consequences of nonpayment of support (debt, driver's license suspension and wage garnishment). When a child support order is improperly set – all the parties lose.

Catholic Charities of Baltimore appreciates your consideration, and urges the committee to issue a favorable report for SB 847.

Submitted By: Regan K. Vaughan, Director of Advocacy

¹ HB 946 is part of a package of bills developed by the Department of Human Services Child Support Guidelines Advisory (CSGA) Committee of which Catholic Charities is a member.

² Information provided to the CSGA by the Family Welfare & Research Training Group.

³ Ibid

DHS_FWA_SB0847

Uploaded by: Guistwite, Kevin

Position: FWA

DATE: March 4, 2020

BILL NUMBER: SB 847 **COMMITTEE:** Judicial Proceedings

BILL TITLE: Child Support – Guidelines

DHS POSITION: Support with Amendments

PRESENTED BY: Kevin P. Guistwite, Executive Director, Child Support Administration
Department of Human Services

Thank you Chairman Smith, Vice Chair Waldstreicher and Members of the Committee. I am Kevin Guistwite, Executive Director for the Child Support Administration (CSA) within the Maryland Department of Human Services (DHS). Thank you for the opportunity to testify in support of Senate Bill (SB) 847 with amendments.

SB 847 is the result of extensive research and input from the Maryland Child Support Guidelines Advisory Committee, coordinated and chaired by DHS. The bill is a crucial piece of legislation to update Maryland’s current child support guidelines, which went into effect in 2010 and are based on economic data from 2008. It also brings Maryland into compliance with current federal regulations such as the Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs Rule (FEM) 81 Fed. Reg. 93492 (Dec. 20, 2016), which requires states to adopt policies that result in child support orders based on a noncustodial parent’s actual earnings and income and take into account the basic subsistence needs of low-income noncustodial parents.

The last revision of the Maryland child support guidelines was in 2010 and was sponsored by Vice Chair Waldstreicher when he was a member of the House of Delegates. I thank him for his foresight and support for ensuring that Maryland’s child support guidelines accurately reflect current socio-economic and legislative realities.

Failure to meet these federal requirements will result in noncompliance with the Title IV-D Child Support State Plan and jeopardize the State’s \$95 million grant and \$11 million child support incentives for funding the child support program. Further, failure to pass these provisions would further render Maryland’s Title IV-A State Plan out of compliance with Title 42 U.S.C. § 602 (a)(2) jeopardizing the State’s \$229 million Temporary Assistance to Needy Families (TANF) program block grant.

SB 847 accomplishes the following:

- Promotes accuracy and fairness by creating a new payment schedule with specific monthly support obligations for low-income obligors when the combined parental income is below \$1,250.00 a month. Currently, when a family falls below this threshold, the court has the discretion to set a monthly child support obligation of any amount from



\$20.00 to \$150.00 per month. This is an inexact method that has led to the creation of support orders that are well above what some low-income obligors can reasonably pay. The new proposed schedule better reflects an obligors' actual ability to pay, thereby increasing the likelihood of full compliance with the order;

- Fights poverty and improves the collection of child support by amending Family Law Article § 12-201 to add a definition for a "Self-Support Reserve" (SSR), which is an adjustment to a low-income obligor's monthly support obligation ensuring that, after the payment of taxes and child support, he or she has enough money for food, housing and transportation. This SSR will be set at 110% of the 2019 federal poverty level for an individual. Although the SSR was previously incorporated into the existing guidelines schedule based on 2008 economic data, this bill complies with recent federal requirements to make it transparent by highlighting it on the schedule, as well as updating to use current economic data. An attached amendment corrects a bill drafting error that did not include reference to 110% of the 2019 federal poverty level on page 6, lines 18-20;
- Creates a more accurate statutory definition for the term "voluntarily impoverished" in Family Law §12-201 clarifying that a parent can only be categorized as such if he or she has made a "free and conscious choice" – not compelled by economic factors beyond his or her control – to render him or herself without adequate resources;
- Complies with the federal FEM rule by amending the definition of "potential income" found in Family Law §12-201 and setting out factors a court must consider when calculating potential income for a noncustodial parent;
- Expands the child support guidelines to provide presumptively-correct child support amounts in cases with combined monthly incomes up to \$30,000. The current guidelines only extend to combined monthly incomes of \$15,000; and,
- Identifies specific circumstances where a court may decline to require a noncustodial parent (NCP) to pay child support; and provide for a modification of child support if those circumstances change. These factors are drawn from Title 45 of the Code of Federal Regulations (CFR) § 303.11, which sets out the circumstances in which the Child Support Administration is allowed to close a support case.

Passage of SB 847 will lead to more fair and equitable child support orders based on current economic data, provide clarity for courts in setting child support orders for individuals across the economic spectrum, incorporate a fully updated self-support reserve for thousands of low-income noncustodial parents, and prevent reduction in federal funding by complying with federal regulations. By updating the child support guidelines and making them more responsive to changing economic realities, this bill is certain to strengthen the economic and social cohesion of thousands of Maryland families.

Department of Human Services

Testimony - SB 847

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For these reasons, I strongly urge a favorable report by the Committee for SB 847. Thank you for the opportunity to testify in support of this bill and I am happy to answer any questions you may have.

UMD Social Work_FAV_SB847

Uploaded by: Passarella, Letitia

Position: FWA

February 14, 2020

The Honorable William C. Smith, Jr., Chairman
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, MD 21401

RE: Support for Senate Bill 847 - Child Support Guidelines

Dear Chairman Smith:

As a research director at the University of Maryland School of Social Work and through a long-standing partnership with the Child Support Administration, I have conducted many research studies on child support in Maryland. As a member of the Maryland Child Support Guidelines Advisory Committee, I chaired the low-income subcommittee, which aimed to identify improvements to the guidelines that would address barriers to payment among low-income parents.

SB 847 includes the recommendations of the low-income subcommittee by: (1) providing guidance on support obligations for parents with very low incomes; (2) ensuring that parents owing child support have a minimum income remaining after paying support; (3) defining voluntary impoverishment; (4) expanding the circumstances used to determine potential income; and (5) providing an alternative to income imputation.

(1) Guidance on support obligations for parents with very low incomes

SB 847 recommends specific order amounts for very low-income families. Currently, judges have discretion to set child support orders between \$20 and \$150 for parents with combined incomes below \$1,250 per month. Based on my research:

- Nearly 40% of orders for these families were above the maximum amount of \$150; and
- One in three of these orders were for \$162 or \$163, which are the first schedule amounts defined for one and two children, respectively, at a combined income of \$1,250.

SB 847's guidance promotes more consistent, predictable support orders for low-income parents.

(2) Ensuring that parents owing child support have a minimum income remaining after paying child support, as required by the most recent federal rule

SB 847 recommends to increase the monthly self-support reserve (SSR) from 100% of the 2008 Federal Poverty Level (FPL) for one person (\$867) to 110% of the 2019 FPL for one person (\$1,145). The SSR ensures that, after paying child support, parents with low incomes retain a portion of their incomes to support their basic needs. SB 847 also address two issues with the current SSR.

First, the SSR is built into the guidelines schedule so it is not visible to parents. SB 847 recommends including language in family law that defines the SSR and identifies the SSR range in the schedule.

Second, the SSR is calculated on the FPL for one person. Although only one parent pays support, both parents share a portion of the SSR if their combined income is within the SSR range. Even more, if the parent paying support has an income in the SSR range, but the addition of the other

parent's income raises the combined income above the SSR range, neither parent receives any benefit from the SSR. SB 847 recommends allowing courts to deviate when this occurs so parents paying support can retain a minimum income.

(3) Defining voluntary impoverishment

Voluntary impoverishment refers to parents who have made the choice to be without adequate resources to support their children. If parents are found to be voluntarily impoverished, then courts can attribute a potential income for purposes of determining their support obligations. Currently, voluntary impoverishment is only defined in case law. SB 847 would promote transparency by codifying a definition in Maryland Family Law.

(4) Expanding the specific circumstances used to determine potential income

In Maryland, many courts assume unemployed or under-employed parents can obtain full-time employment at the minimum wage. However, this is not always possible given a parent's background and the local labor market. Based on my research, 25% of parents owing support likely had their incomes imputed to a potential income equivalent to the full-time minimum wage amount. Although their support orders were based on potential annual incomes of \$15,000:

- **Half** worked in the prior year and median actual earnings for the year were less than **\$5,000**;
- Nearly **1 in 3** did not make a single child support payment during the subsequent year;
- Only **30%** of current support was collected; and
- Those with a payment paid **\$81** per month, yet they were expected to pay **\$238** per month.

Setting parents' potential incomes above their actual earnings increases their support obligations, and subsequently, their child support debt if they are unable to pay. We have found that using parents' actual, low incomes to determine obligations increases their payment compliance.

The most recent federal rule discourages the use of potential income and requires that potential income be based on the parent's situation when it does occur. Mirroring the federal rule, SB 847 recommends basing potential income on specific circumstances including, but not limited to, a parent's criminal record and work history, along with the availability of employment.

(5) Providing an alternative to income imputation

SB 847 recommends to begin combined parental income in the guidelines schedule at \$0 instead of \$100 and to include a minimum obligation of \$50 when combined income is \$0. Importantly, including \$0 income in the schedule gives courts an option to recognize a parent's unemployment while avoiding the imputation of income to full-time minimum wage.

SB 847 is a step in the right direction to ensure that obligations are within a low-income parent's ability to pay and to encourage regular, consistent payments for children. They also meet the standards that have been set by the federal rule. **I urge a favorable report on SB 847.**

Sincerely,

Letitia Logan Passarella

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