

SB0703_HB0881_FAV_OFJ (2).pdf

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Position: FAV



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

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

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

FROM: Christopher Dews, Policy Consultant

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

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

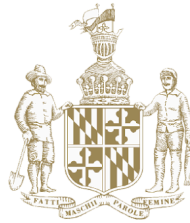
Needless to say, if the non-custodial parent was already as poor as the custodial parent, trying to pull money from them to finance the welfare state was not and still is not practical. When the non-custodial parent can't subsidize the state's welfare program, The state will suspend their driver's and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

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

HB881_EmilyShetty

Uploaded by: Delegate Shetty

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB881

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

Chair Beidle, Vice Chair Hayes, and esteemed members of the Senate Finance Committee,

Thank you for the opportunity to provide testimony in support of House Bill 881. This important piece of legislation is a step towards improving financial stability for some of our most vulnerable Maryland residents by ensuring families receive the full benefits of child support payments to which they are entitled.

Under current policies in Maryland, families receiving assistance from the Family Investment Program often do not receive the full amount of their child support payments. This is as a direct result of decades-old, harmful federal laws and rules that have long sought to punish poverty. Instead, this money is funneled through the Department of Human Services, where they then pass through only up to \$100 for one child and \$200 for two or more children to the family. The remainder of collections are retained with half used to reimburse the State and half to the federal government. Additionally, child support payments are currently considered as income when calculating Supplemental Nutrition Assistance Program (SNAP) benefits, which also leads to a reduction in the amount of assistance provided to the families.

A University of Maryland study examined the early outcomes of Maryland's child support pass-through program found significant benefits for families participating in Temporary Cash Assistance (TCA).¹ The study reported that the pass-through policy led to an average increase of \$132 per month to families, providing them with direct economic relief. This additional income helps families meet their needs, reducing their reliance on government assistance. Furthermore, the study indicates that parents who owe support are more likely to make child support payments and pay more in formal support when pass-through policies are in place. This increased financial assistance from non-custodial parents provides families with more stability, further reducing the need for welfare assistance.

¹ Smith, Haley, and Lauren A. Hall. *Maryland's Child Support Pass-Through Policy: Exploring Impacts on TCA Families*, Oct. 2021, www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/work-supports-and-initiatives/Pass-Through-Impacts-on-TCA-Families.pdf.

HB881, as passed in the House through bipartisan support and without opposition, addresses this issue by phasing in a requirement that all child support payments are directly received by the family, regardless of whether or not they seek assistance with the Family Investment Program. Additionally, with this phased approach, the Department of Human Services (DHS) was able to adjust the fiscal policy note; DHS estimates that Fiscal Year 2029 (FY29) will be the first year with an impact on departmental revenue.

Overall, this bill allows Maryland families to receive essential food services, regardless of child support funds. It is critical to provide money and services to the families that need it most and ensure that our state's most vulnerable populations have access to the assistance that they need.

Through this bill, Maryland has the opportunity to be an early adopter of a policy which is proven to help alleviate poverty and increase overall stability for the families and their children. Passing through *all* funds raises family income to cover essential needs such as housing and food. This is crucial for Maryland's low-income families as it is often a significant portion of their income. It is insufficient for families to only receive TANF benefits. Increasing child support additionally reduces the risks of child maltreatment and Child Protective Services involvement.

In addition, giving all child support payments to custodial families could reduce reliance on Temporary Cash Assistance (TCA) and SNAP. This could simultaneously help strengthen the resiliency of Maryland families and our social safety net, helping to raise more people out of poverty.²

Ensuring that child support reaches the intended families is both a moral and economic imperative. HB881 will alleviate financial burdens to those benefiting from necessary services designed to help, not harm them.

Thank you for the committee's consideration, and I respectfully request a favorable report on HB 881.

² Azevedo-McCaffrey, Diana. *Passing Through All Child Support to Maryland Families Would Help Them Afford Basic Needs and Thrive*, 19 Feb. 2025, www.cbpp.org/research/income-security/passing-through-all-child-support-to-maryland-families-would-help-them.

HB 881_MD Center on Economic Policy_FAV_Senate.pdf

Uploaded by: Kali Schumitz

Position: FAV



MARCH 25, 2025

Child Support Payments Should Support Families, not Government


Position Statement in support of House Bill 881

Given before the Senate Finance Committee

When a Maryland parent makes a child support payment to a custodial parent who currently receives or previously received Temporary Cash Assistance (TCA), the parent caring for their child doesn't necessarily receive the full amount of those funds; a portion instead goes to the federal and state government. Strengthening Maryland's child support pass-through and disregard policy for families receiving TCA would improve economic security for families who are struggling to make ends meet, increase formal payments made by non-custodial parents, and support the local economy. For these reasons, **the Maryland Center on Economic Policy supports House Bill 881, including the amendments passed in the House. The amendments address the fiscal impact of the bill as introduced, in recognition of the state's budget challenges.**

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

While current law is an improvement over prior practices, this system still creates a disincentive for non-custodial parents to make child support payments because the money does not all go toward supporting their child. Instead, evidence shows that they are more likely to make informal payments directly to the custodial parent, which creates potential legal problems for both parents, even when they are focusing on their child's best interest, and can lead to declining support payments.¹ Even following the relatively short duration that a



custodial parent may receive TCA, it is unlikely that the non-custodial parent will begin making formal child support payments, since research shows that once a parent stops engaging with the child support system the chances that they will reengage are low.ⁱⁱ Passing through all child support payments to the parent caring for the children provides motivation for non-custodial parents to make, and continue making, formal payments, since their children will benefit from the money.

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

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

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

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee give a favorable report to HB 881, as amended in the House.

Equity Impact Analysis: HB 881

Summary

HB 881 would ensure that all child support payments paid to families who receive Temporary Cash Assistance go to the family.

Background

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

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

Equity Implications

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

Impact

HB 881 would likely **improve racial and economic equity** in Maryland

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

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



iii Turetsky and Azevedo-McCaffrey

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

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

HB 881 - MFN - TCA Pass Through - Senate CF - FAV.

Uploaded by: Lisa Klingenmaier

Position: FAV



Testimony Concerning House Bill 881
Family Investment Program and Supplement Nutrition Assistance Program Benefits –
Child Support
Senate Finance Committee
March 25, 2025

Position: Support

Maryland Family Network (MFN) strongly supports HB 881, which requires the Department of Human Services to pass through all child support collected to families on Temporary Cash Assistance (TCA) and to disregard this income when calculating benefit amounts for TCA. MFN supports the bill as amended in the House, which phases in the higher child support passthrough provision starting in FY 28 until a full child support passthrough and disregard policy is implemented in FY 31.

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

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

HB 881 builds upon the successful partial child support pass-through and disregard policy that Maryland passed in 2017 and enacted in 2019. Since July 1, 2019, TCA families can receive up to \$100 in pass-through for one child and up to \$200 for two or more children, and this amount is disregarded in calculating their TCA benefit amount. In FY 2023, 31% of families on TCA had an established child support order, and of those families, two out of five received a pass-through payment.³ For the typical family, the additional support raised

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

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

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



the household's quarterly income by 11%.⁴ However, this policy has not increased the percentage of TCA families with an order for child support or the percentage of payments being made, as states with full child support pass-through have seen.⁵ **Passing through the full amount of child support – instead of the partial amounts that Maryland currently allows – would provide additional income for extremely low-income families and increase the likelihood more families will establish child support orders, and that the orders would be fulfilled.**

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

While TCA is a critical safety net, the benefit amount is only statutorily required to meet 61.25% of the Maryland Minimum Living Level when combined with SNAP, leaving families struggling to make ends meet on an amount that is – by definition – not enough to live on in Maryland. Consequently, any increase in a household's income – like full child support pass-through – will be immediately spent in the local economy to meet the families' basic needs. A 2019 report projected that establishing full pass-through of all child support collected – like proposed in HB 881 - could reduce the child poverty rate by 0.5%, which would correspondingly reduce state spending on safety-net programs.⁶

Full child support pass-through and disregard promotes family economic stability, benefits low-income children, and strengthens Maryland communities. **Maryland Family Network respectfully urges a favorable report on HB 881.**

Submitted by: Lisa Klingenmaier, Deputy Director of Public Policy

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

⁵ Ibid.

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

Zachary Alberts - 2025 100% Child Support Pass Thr

Uploaded by: Zachary Alberts

Position: FAV



TESTIMONY IN SUPPORT OF SENATE BILL 703

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

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

FROM: Zachary Alberts, Director of Advocacy

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

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

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

Center for Urban Families, Inc. (CFUF)
2201 North Monroe Street
Baltimore, MD 21217
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www.CFUF.org



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

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

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

HB0881 crossfile FWA - Family Investment Program a

Uploaded by: Richard KAP Kaplowitz

Position: FWA

HB0881 Crossfile
Bill_RichardKaplowitz_FWA
Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON HB#0881 - FAVORABLE WITH
AMENDMENTS

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

TO: Chair Beidle, Vice Chair Hayes, and members of the Finance Committee

FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support with its amendments of HB0881, **Family Investment Program and Supplemental Nutrition Assistance Program Benefits - Child Support**

The House version of bill HB0881 passed 106-31 with amendments on 03/17/25 25 and the Senate version of bill SB0703 was heard on 02/03/25 but no further action occurred. Please reconcile and pass this important bill and return it for House action.

I respectfully urge this committee to return a favorable report with its amendments on HB#0881.

SEN - HB881 - INFO - DHS.pdf

Uploaded by: Justin Hayes

Position: INFO



DEPARTMENT OF HUMAN SERVICES

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

March 25, 2025

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

**RE: TESTIMONY ON HB0881 - FAMILY INVESTMENT PROGRAM AND
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS - CHILD SUPPORT -
POSITION: INFORMATIONAL ONLY**

Dear Chair Beidle and Members of the Finance Committee:

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide information for House Bill 881 (HB 881).

With offices in every one of Maryland's jurisdictions, DHS provides preventative and supportive services, economic assistance, and meaningful connections to employment development and career opportunities to assist Marylanders in reaching their full potential. The families we serve are affected by HB 881. Our Family Investment Administration (FIA) implements the Temporary Cash Assistance (TCA) and Supplemental Nutrition Assistance Programs (SNAP), and our Child Support Administration (CSA) collects and distributes child support payments for recipients of TCA.

HB 881 prioritizes full receipt of child support payments for Marylanders participating in the federal Temporary Assistance for Needy Families (TANF); implemented in Maryland as Temporary Cash Assistance (TCA). "Passing through" the full amount of a child support payment to families participating in TCA will help raise families out of poverty. In addition, the bill as amended would exclude child support income when determining the amount of a household's assistance benefits, to ensure that families have the best chance of success.

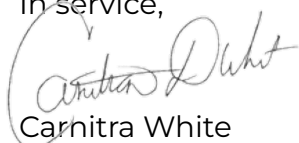
Each state fiscal year, CSA collects child support payments from noncustodial parents for families participating in TCA. Current federal and state law authorizes DHS to pass through to TCA families \$100 of child support paid for one child, or up to \$200 of child support paid for two or more children. The state retains fifty percent of the remaining child support collected from TCA families to provide DHS services. The other fifty percent is reimbursed to the federal government for its share of the TCA benefits. If CSA passed through the entire child support amount collected to TCA families, the state would still be responsible for reimbursing about half of the amount collected to the federal government. State funds would be needed to reimburse the federal government. Maryland would also need state funds to replace the fifty percent of child support collections currently used for DHS services.

HB 881 would also affect DHS implementation of the federal Supplemental Nutrition Assistance Program (SNAP). SNAP is an income-based program providing food benefits to low-income families to supplement their grocery budget. The United States Department of Agriculture (USDA) and the Food and Nutrition Service (FNS) regulate the SNAP program. Under federal regulations, child support payments are counted as income for the purpose of determining SNAP eligibility and for calculating the amount of a household's SNAP benefit. Federal SNAP regulations specify that child support income cannot be excluded when determining eligibility and when calculating benefit amounts [7 C.F.R. § 273.9\(c\)\(19\)\(vi\)](#). Currently, the limited child support passthrough of \$100-\$200 is included as income when determining a SNAP benefit amount.

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

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

In service,



Carnitra White
Principal Deputy Secretary