

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 38 (Chairman, Judicial Proceedings Committee)  
 (By Request – Departmental – Human Resources)

Judicial Proceedings

Judiciary

**Family Law - Child Support Enforcement - Earnings Withholding and Medical Support Notices**

This departmental bill repeals the requirement that documents relating to earnings withholding orders and health insurance coverage be sent by certified mail, return receipt requested. The bill requires the Child Support Enforcement Administration (CSEA) to send, by first class mail, to the obligor’s last known home address and place of employment specified documents relating to earnings withholding, the notice, and notice of right to contest the CSEA action. If a court orders a parent to provide health insurance coverage, the parent or the support enforcement agency must send a copy of the court order or medical support notice to the parent’s employer by first class mail, separate from or in conjunction with an earnings withholding order.

The bill is effective June 1, 2004.

**Fiscal Summary**

**State Effect:** Special and federal fund expenditures could decrease by \$1.7 million in FY 2005 by eliminating certified mail for earnings withholding and health insurance coverage notices (34% special/66% federal). Out-years reflect inflation.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	(576,500)	(582,300)	(588,100)	(594,000)	(599,900)
FF Expenditure	(1,119,100)	(1,130,300)	(1,141,600)	(1,153,000)	(1,164,500)
Net Effect	\$1,695,600	\$1,712,600	\$1,729,700	\$1,747,000	\$1,764,400

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** The Department of Human Resources (DHR) has determined that this bill has no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law:** An earnings withholding notice is a notice issued by CSEA to an employer that requires the employer to deduct child support payments from the earnings of an obligor. The format of the notice is prescribed by federal law. Except as otherwise provided, CSEA may serve an earnings withholding notice on an employer of the obligor without the need for modification of the support order or any further action by a tribunal if the tribunal has issued a support order and CSEA is providing child support services under Title IV, Part D of the Social Security Act; or the obligor requests the service of an earnings withholding notice. A notice may be served in electronic format if the employer has an agreement with CSEA to accept electronic notices. For an employer notice served under these provisions, CSEA must send to the obligor by certified mail, return receipt requested, and first class mail, the following documents to the obligor's last known home address or the place of employment last reported to the court: (1) a copy of the earnings withholding notice; (2) a statement of procedures to terminate earnings withholding; (3) a statement of the obligor's right to contest the accuracy of information; and (4) a statement of arrears apportioned to each payment included in the notice.

If a court orders a parent to provide health insurance coverage to his or her child, the parent or the support enforcement agency must send a copy of the order or medical support notice to the parent's employer by certified mail, return receipt requested. That order may be sent separately or with an earnings withholding order.

**Background:** Federal law does not require the service of earnings withholding and health insurance coverage notices by certified mail.

**State Expenditures:** Repeal of the requirement to send earnings withholding and health insurance coverage notices by certified mail could reduce DHR expenditures by \$1,695,600 in fiscal 2005 (34% or \$576,504 in special funds/66% or \$1,119,096 in federal funds), which accounts for the bill's June 1, 2004 effective date. No savings are expected in fiscal 2004 due to the time required to process termination of a vendor contract to process certified mail. However, a full year of savings will be realized in fiscal 2005.

The estimate is based on an annual average of 360,000 pieces of certified mail with return receipt requests and the elimination of an existing annual contract of \$370,800 with a vendor that was hired solely to prepare all notices for issuance by certified mail. The estimated number of mailings includes the impact of sending a notice to both the home address and the place of employment, and is expected to remain constant over the next five years. Out-years reflect inflation.

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### **Additional Information**

**Prior Introductions:** Provisions that would have repealed the requirement to send earnings withholding notices and health insurance coverage notices by certified mail were included in HB 107 and SB 408 of the 2003 session. HB 107, as amended, deleted the provisions that would have eliminated the certified mail requirement. The bill passed the General Assembly and was enacted as Chapter 118 of 2003. SB 408, as amended, also deleted the provisions relating to certified mail. The bill passed the General Assembly and was vetoed as duplicative by the Governor.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Department of Legislative Services

**Fiscal Note History:** First Reader - January 14, 2004  
ncs/jr Revised - Senate Third Reader - March 24, 2004  
Revised - Enrolled Bill - April 26, 2004

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