

February 14, 2020

The Honorable Luke Clippinger, Chairman
House Judiciary Committee
House Office Building , Room 101
Annapolis, MD 21401

RE: Support for House Bill 946 - Child Support Guidelines

Dear Chairman Clippinger:

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.

HB 946 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

HB 946 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.

HB 946'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

HB 946 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. HB 946 also address two issues with the current SSR.

First, the SSR is built into the guidelines schedule so it is not visible to parents. HB 946 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. HB 946 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. HB 946 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, HB 946 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

HB 946 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.

HB 946 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 HB 946.**

Sincerely,

Letitia Logan Passarella

Letitia Logan Passarella
Research Director
Ruth Young Center for Families & Children
University of Maryland School of Social Work
llogan@ssw.umaryland.edu | (410) 706-2479