

Date: April 5, 2023

Bill Number: SB706

Committee: House Judiciary Committee

Bill Title: Child Support- Reporting of Employment Information-Independent Contractors

Position: Support

The Local Departments of Social Services play a critical role in administering the child support program in Maryland. Wages account for the largest percentage of child support distributions statewide. Employers reporting newly hired and re-hired employees to Maryland's State Directory of New Hires helps the local departments locate parents, verify wages, and establish child support obligations based on the non-custodial parent's wages.

When a local department is unable to verify the wages of a non-custodial parent, the child support obligation is assessed based on minimum wage, which could result in a child receiving significantly less support than they are entitled to. With the increasing number of independent contractors in the state, who are not subject to reporting requirements for child support, this presents a significant challenge to the effective administration of the child support program.

Without the ability to match independent contractors against state and national child support records, it becomes much more difficult for the departments to locate parents who owe child support, establish accurate child support orders, and enforce any existing orders. This leads to significant delays and barriers in the collection of child support payments, which can have negative consequences for children and families who rely on these payments to meet their basic needs.

Earnings Withholding Orders (EWOs) from identified employers helped us distribute over \$2,500,000.00 in support to the children we serve in Dorchester County in Federal Fiscal Year 2022. Having the ability to do the same for contractors that pay through 1099 withholdings would significantly aid us in supporting children, as well as successfully meeting our Federal collection goal each fiscal year.

Dorchester County is a rural area with a relatively high number of independent contractors. With the ability to verify this type of employment on a consistent basis, the children of Dorchester County will be better off.

Senate Bill 706 would require employers to report independent contractors to the State Directory of New Hires, just as they do with all other employees. This would help ensure that independent contractors who owe child support payments are identified and located and that their actual wages are used to determine their child support obligation.

On behalf of the Dorchester County Department of Social Services, along with The Maryland Association of Social Services Directors (MASSD), I strongly urge your support of Senate Bill 706 so that children receive the financial support they need and deserve.