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Passing through All Child Support to Maryland Families Would Help Them Afford Basic Needs and Thrive

Testimony of Diana Azevedo-McCaffrey, Policy Analyst on Housing and Income Security Team, Before the Maryland General Assembly in Support of SB 703

Thank you for the invitation to testify today. I am Diana Azevedo-McCaffrey, Policy Analyst on the Housing and Income Security team at the Center on Budget and Policy Priorities, a nonpartisan research and policy institute in Washington, D.C. I lead the Center's work on the intersection of child support policy and the Temporary Assistance for Needy Families program (TANF). Our main area of focus is promoting policy changes throughout the country that direct more child support to families currently receiving TANF and that formerly received TANF. I lead a coalition of state advocates across the country working to improve the child support program for families in poverty, and I provide technical assistance to advocates and other stakeholders on their efforts. Along with Vicki Turetsky, former Commissioner of the Office of Child Support Services (OCSS) during the Obama Administration, I have researched and co-authored several reports on this issue.

A little over half of states and the District of Columbia currently pass through some amount of monthly support payments and/or arrears payments to current and former TANF families. The gold standard is to pass *all* child support through to families, and as of last year, Illinois became the first state to do so. By passing and enacting SB 703, Maryland can join Illinois in ensuring that all child support payments reach the children they're intended for.

In my testimony, I'll outline three key research-backed arguments for why Maryland should pass through 100 percent of child support payments to current and former TANF families.

Paying Child Support Collections to Families Increases Family Income and Improves Financial Stability

First, studies show that pass-through policies increase families' overall income, helping them meet children's basic needs that are often only met with cash — like housing costs, diapers, clothing, and school

supplies.¹ A consistent stream of child support income also can promote financial stability and cushion families from the impact of unexpected expenditures or income losses.²

Families impacted by policies that withhold child support to reimburse TANF cash assistance typically have very low incomes, and they are overwhelmingly led by women and disproportionately women of color.³ These families who turn to TANF during times of need are already struggling to make ends meet and would greatly benefit from receiving their child support payments.

Studies show that child support is a valuable income source, particularly for families in poverty. Among custodial families with incomes below the federal poverty level, child support represents, on average, 41 percent of their income when received. That share is even larger for custodial families living below 50 percent of the federal poverty level, with child support making up 65 percent of their income when received.⁴

TANF benefits alone are not enough for most families to meet their needs. For families receiving TANF, benefits leave a family of three at or below 60 percent of the poverty line in every state. And in Maryland, TANF benefits leave a family of three at only 38 percent of the poverty line.⁵ By passing child support payments through to families and excluding those payments when determining families' TANF eligibility and benefits (also known as providing a "disregard"), states can help them better afford necessities and thrive.

Noncustodial Parents Pay More in Child Support When Their Payments Are Passed Through

¹ Letitia Logan Passarella and Lauren A. Hall, "Child Support Pass-Through: Early Outcomes in Maryland," School of Social Work, University of Maryland, October 2021, <https://www.ssw.umaryland.edu/media/ssw/fwrtg/child-support-research/cs-initiatives/Child-Support-Pass-Through-Early-Outcomes.pdf>; Kye Lippold, Austin Nichols, and Elaine Sorensen, "Evaluation of the \$150 Child Support Pass-Through and Disregard Policy in the District of Columbia," Urban Institute, March 29, 2013, <https://www.urban.org/research/publication/evaluation-150-child-support-pass-through-and-disregard-policy-district-columbia>; Laura Wheaton and Sorensen, "The Potential Impact of Increasing Child Support Payments to TANF Families," Urban Institute, December 2007, <https://www.urban.org/sites/default/files/publication/33011/411595-The-Potential-Impact-of-Increasing-Child-Support-Payments-to-TANF-Families.PDF>; Maria Cancian, Daniel R. Meyer, and Jennifer Roff, "Testing New Ways to Increase the Economic Well-Being of Single-Parent Families: The Effects of Child Support Policies on Welfare Participants," Institute for Research on Poverty, University of Wisconsin-Madison, October 2007, <https://www.irp.wisc.edu/publications/dps/pdfs/dp133007.pdf>; Wheaton and Sorensen, "Benefits and Costs of Increased Child Support Distribution to Current and Former Welfare Recipients," Urban Institute, October 16, 2005, https://aspe.hhs.gov/sites/default/files/migrated_legacy_files/42146/report.pdf.

² Yoonsook Ha, Cancian, and Meyer, "The Regularity of Child Support and Its Contribution to the Regularity of Income," *Social Service Review*, Vol. 85, No. 3, September 2011, https://www.researchgate.net/publication/241138681_The_Regularity_of_Child_Support_and_Its_Contribution_to_the_Regularity_of_Income; Lisa A. Gennetian and Katherine Magnuson, "Three Reasons Why Providing Cash to Families is a Sound Policy Investment," CBPP, May 11, 2022, <https://www.cbpp.org/research/family-income-support/three-reasons-why-providing-cash-to-families-with-children-is-a>.

³ U.S. Office of Family Assistance (OFA), "Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2022," tables 1, 5, 6, 7, 17, 18, and 19, https://acf.gov/sites/default/files/documents/ofa/fy2022_characteristics.pdf.

⁴ Sorensen, "The Child Support Program is a Good Investment," U.S. Office of Child Support Services (OCSS), December 2016, https://www.acf.hhs.gov/sites/default/files/documents/ocse/sbtn_csp_is_a_good_investment.pdf.

⁵ Diana Azevedo-McCaffrey and Tonanzhi Aguas, "Continued Increases in TANF Benefit Levels Are Critical to Helping Families Meet Their Needs and Thrive," CBPP, updated May 29, 2024, <https://www.cbpp.org/research/income-security/continued-increases-in-tanf-benefit-levels-are-critical-to-helping>.

Second, research shows that noncustodial parents are more likely to both pay child support and make higher payments when their payments are passed through to their children. Noncustodial parents also establish parentage, the legal prerequisite to a child support order, more readily when they know that the support they pay will benefit their children.⁶ And they are more willing to pay through the formal child support program, which ensures that their payments are credited against their support obligation and can improve payment regularity for families.⁷

A study from the University of Wisconsin compared families in an experimental group that received a pass-through and disregard of *all* current monthly child support payments with families in a control group that received a partial pass-through and disregard of current support (the greater of \$50 or 41 percent). The study found that by the third year of the experiment, noncustodial parents with a support order in the experimental group were 10 percent more likely to pay any child support than those in the control group. In addition, noncustodial parents with a support order in the experimental group paid 24 percent more in child support.⁸

Similarly, an Urban Institute study found that noncustodial parents in Washington, D.C. with a support order were 3 percentage points more likely to pay any child support, and paid 11 percent more support in TANF cases by the third year, under a \$150 pass-through and disregard policy than under the previous \$50 pass-through policy.⁹ And Colorado, in the first year after implementing its policy to pass through and disregard all current monthly support, found that total current collections for TANF families rose 76 percent based on an analysis of its administrative data.¹⁰

Directing Child Support to Families Reduces Risk of Child Protective Services Involvement

Third, passing through child support payments to families can reduce the risk of child protective services involvement. To study whether increased child support income passed through to families reduced reports of child maltreatment or neglect to the child welfare system, researchers in Wisconsin used administrative data collected for families that had participated in a pass-through demonstration. Families randomly assigned to the experimental group, received a full pass-through of current support, while families in the control group received a partial pass-through. The study produced consistent evidence that increasing the child support income that passes through to families can reduce reports of maltreatment or neglect, estimating that mothers who received a full pass-through were about 10 percent less likely to receive a “screened-in report” (a report

⁶ Cancian, Meyer, and Roff, *op. cit.*; Meyer and Cancian, “W-2 Child Support Demonstration Evaluation, Phase 1: Final Report, Volume I: Effects of the Experiment,” Institute for Research on Poverty, University of Wisconsin-Madison, April 2001, <https://www.irp.wisc.edu/wp/wp-content/uploads/2022/10/csde-p1v1-full-report.pdf>.

⁷ Lisa Klein Vogel, “Barriers to Meeting Formal Child Support Obligations: Noncustodial Father Perspectives,” *Children and Youth Services Review*, Vol. 110, No. 2, March 2020, https://www.researchgate.net/publication/338554399_Barriers_to_Meeting_Formal_Child_Support_Obligations_Noncustodial_Father_Perspectives; Samara Potter Gunter, “Effects of Child Support Pass-Through and Disregard Policies on In-Kind Child Support,” *Review of Economics of the Household*, Vol. 11, January 18, 2012, <https://link.springer.com/article/10.1007/s11150-012-9140-2>.

⁸ Cancian, Meyer, and Emma Caspar, “Welfare and Child Support: Complements, Not Substitutes,” *Journal of Policy Analysis and Management*, Vol. 27, No. 2, [https://users.ssc.wisc.edu/~gwallace/Papers/Cancian,%20Meyer,%20and%20Caspar%20\(2008\).pdf](https://users.ssc.wisc.edu/~gwallace/Papers/Cancian,%20Meyer,%20and%20Caspar%20(2008).pdf); Meyer and Cancian, *op. cit.*

⁹ Wheaton and Sorensen, *op. cit.*

¹⁰ Michael Martinez-Schiferi, Tom Zolot, and Larry Desbien, “Poster Paper: Effects of Child Support Pass through on Colorado Families in Need,” Colorado Department of Human Services, November 7, 2019, <https://appam.confex.com/appam/2019/webprogram/Paper30963.html>.

to child protective services alleging child neglect or maltreatment that met state criteria for further assessment) than mothers who received a partial pass-through.¹¹

Families experiencing poverty are far more likely to be reported to child protective services than families with more resources.¹² Economic hardship may interfere with parents' ability to provide their children with basic necessities like food, shelter, medical care, and supervision — factors that can contribute to a child welfare agency's determination that a child is being neglected. Unemployment, housing instability, and eviction have all been associated with increased risk of families' involvement in the child welfare system.

Studies have linked anti-poverty measures that increase family income and help parents provide their children with basic necessities with fewer reports of child neglect to child protective services.¹³ Even relatively small infusions of cash can make a difference by helping families maintain housing and employment or meet other expenses of raising children.

Conclusion

Children and families benefit in multiple ways when they receive their child support payments. But child support loses its effectiveness when it is kept by governments rather than paid to families. Despite the importance of income support for families living in and near poverty, nearly half of the families participating in the child support program do not receive 100 percent of the child support payments made on their behalf.

This is an opportune time for Maryland and other states to take action. There is broad consensus among parents, researchers, legislators on both sides of the aisle, policy analysts, advocates, and program administrators that child support should be paid to families in full, instead of used to reimburse the government for cash assistance.¹⁴ The gain for families is real — increasing the amount of child support they receive can not only help them make ends meet but enable them to thrive.

¹¹ Cancian, Kristen Shook Slack, and Mi You Yang, "The Effect of Family Income on Risk of Child Maltreatment," Institute for Research on Poverty, University of Wisconsin-Madison, August 2010, <https://www.irp.wisc.edu/resource/the-effect-of-family-income-on-risk-of-child-maltreatment/>.

¹² Child Welfare Information Gateway, "Separating Poverty from Neglect in Child Welfare," February 2023, <https://www.childwelfare.gov/resources/separating-poverty-neglect-child-welfare/>.

¹³ Nicole L. Kovski *et al.*, "Association of State-Level Earned Income Tax Credits With Rates of Reported Child Maltreatment, 2004-2017," *Child Maltreatment*, Vol. 27, No. 3, January 19, 2021, <https://doi.org/10.1177/1077559520987302>; Henry T. Puls *et al.*, "State Spending on Public Benefit Programs and Child Maltreatment," *Pediatrics*, Vol. 148, No. 5, November 1, 2021, <https://doi.org/10.1542/peds.2021-050685>; Donna K. Ginther and Michelle Johnson-Motoyama, "Do State TANF Policies Affect Child Abuse and Neglect?" Iowa State University Department of Economics, October 27, 2017, https://www.econ.iastate.edu/files/events/files/gintherjohnsonmtoyama_appam.pdf.

¹⁴ See, e.g., Cancian and Robert Doar, "Child Support Policy: Areas of Emerging Agreement and Ongoing Debate," McCourt School of Public Policy, Georgetown University and American Enterprise Institute, November 9, 2023, <https://www.aei.org/research-products/working-paper/child-support-policy-areas-of-emerging-agreement-and-ongoing-debate/>; Maretta McDonald *et al.*, "Factors That Impact the Child Support Program's Role in Reducing Child Poverty: Convening Summary," Assistant Secretary for Planning and Evaluation, U.S. Office of Human Services Policy, September 2024, <https://aspe.hhs.gov/sites/default/files/documents/d3636e92120856f652a0d796d29a886d/factors-impact-child-support-programs.pdf>.