



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

January 14, 2025

The Honorable Will Smith, Chair
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

**RE: TESTIMONY ON SB 195 - FAMILY LAW - CHILD SUPPORT - POSITION:
FAVORABLE WITH AMENDMENTS**

Dear Chair Smith and Members of the Judicial Proceedings Committee:

The Maryland Department of Human Services (DHS) thanks the Committee for its consideration and respectfully requests a favorable report with our amendments for SB 195.

With offices in every one of Maryland's jurisdictions, DHS empowers Marylanders to reach their full potential by providing preventative and supportive services, economic assistance, and meaningful connections to employment development and career opportunities. This legislation will modernize the Child Support Administration (CSA) to better serve Marylanders by making changes in four key areas: day-to-day administration, the driver's license suspension (DLS) program, equitable child support orders, and technical amendments to existing statute.

Child support has evolved nationally in its purpose, function, and use since it was first authorized in 1975 as part of the Social Security Act. It is time for Maryland law to evolve and modernize into the 21st century. SB 195 will better align Maryland's child support program with the function of child support today: supporting families by ensuring children receive the support they deserve from both of their parents. To ensure children receive the support of both parents, this legislation expands collection options and streamlines enforcement tools when a parent is unwilling to pay, without punishing parents who want to pay but cannot afford to do so. Our work is meant to support parents and their families, not punish them when they're trying to make ends meet.

Summary

Day-to-day CSA administrative improvements in SB 195 will ensure the child support program operates equitably for the people we serve, including by capping the maximum amount of a child support payment at 25% of a parent's income. SB 195 would end Maryland's practice of recouping state costs for foster care maintenance from custodial parents. Finally, SB 195 will improve equitable child support administration by excluding obligors with lower incomes from the state DLS program. The additional reforms proposed in SB 195 focus on collecting child support due from parents who are able but unwilling to pay by authorizing collection from new forms of income, and expanding "new hire" reporting so the dataset reflects individuals working in the gig-labor economy.

Equity

SB 195 provides three opportunities to ensure child support orders are more equitable for Marylanders.

1. SB 195 will ensure child support orders are more equitable by capping the maximum amount of a child support order and arrearages at 25% of the parent's income, whether income is earned through wages or as independent contractor. The language was crafted in collaboration with our partners in the advocacy community, including the Center for Urban Families.
2. The bill would require a multi-family adjustment to the child support amount. The multi-family adjustment ensures all children a parent is financially responsible to support are accounted for when determining the amount of a child support order.
3. SB 195 would increase the statute of limitations for filing a motion for contempt. Increasing the time frame before a parent is found in contempt of a child support order creates more time to work with noncustodial parents to comply with their court order.

When child support orders are equitable, parents can avoid arrearages and enforcement actions while improving payment consistency and reliability. If arrears accrue, SB 195 would provide additional time to remove barriers to payment.

Critically, SB 195 would eliminate transferring child support payments to foster care when the child must experience out-of-home care. The amount of child support collected while a child is in out-of-home care is typically less than the administrative cost to perform the transfer. In Washington state, a cost-effectiveness study for federal fiscal year 2018 found that for every dollar spent pursuing the child support money, the Department of Children, Youth, and Families collected only 39 cents. In addition, studies demonstrate the financial burden on families of reimbursing foster care

makes it more difficult for children experiencing out-of-home care to reunite with their parents. Eliminating the requirement to transfer child support payments to foster care when the child is placed in out-of-home care reaffirms our commitment to serving the best interests of the child by promoting safe family reunification because family matters.

Collecting Child Support Arrears

SB 195 would authorize collecting past-due child support from sports wagering winnings and monetary awards received as a result of civil litigation. SB 195 follows current practice in the states of Indiana, Iowa, and Maine. Since January 1, 2019, CSA collected over \$2,400,000 in child support arrears from casino and lottery winnings. Similarly, only past-due child support would be paid from sports wagering winnings in Maryland. SB 195 would also authorize establishing a lien for past-due child support on the net amount of a civil monetary award. The amount of past-due child support collected from a civil monetary award would either satisfy the child support arrears or be 25% of the net recovery from the award, whichever is lower. SB 195 would limit the portion of the award collected for past-due child support so parents can settle their legal fees, medical bills, and any other expenses related to the litigation. With this change, Maryland will finally join 29 other states, including all of our federal Region III child support partner states, in using the Insurance Services Office (ISO) Claim Search. The ISO is a comprehensive database in which participating insurers and other organizations report individual insurance claims that can be used for paying off child support arrears.

Including independent contractors in standard new hires reporting would help CSA identify parents obligated to pay child support and provide necessary information about their ability to pay. Under current Maryland law, compensation earned by independent contractors is considered "earnings" and independent contractors are considered self-employed. When independent contractors are not reported as "new hires" CSA only has the information provided when the most recent child support order was made. There is no data indicating whether the parent continues to earn income or the amount of the income earned. Including independent contractors in new hire reporting would reduce the burden on parents working as independent contractors to continually update their child support information and increase administrative efficiency by eliminating delays caused by self-reporting. Reporting independent contractors to the State Directory of New Hires would result in an increase in child support for Maryland families and could also help children in other states with parental ties to Maryland.

Driver License Suspension Program

We believe it is critical to distinguish between parents who cannot pay child support and parents who will not pay child support when employing disincentives designed to improve child support collection. Therefore, SB 195 would administratively exclude from the Driver's License Suspension (DLS) program noncustodial parents whose income is equal to or less than 250% of the current federal poverty guidelines. Noncustodial parents who meet the federal poverty standard would continue to be excluded from the DLS program for one calendar year. In each subsequent year noncustodial parents must provide updated income information to CSA to establish their continued exclusion from DLS.

CSA will ensure parents' provided income information is included in the Child Support Management System (CSMS), the state's system of record, and work with sister state agencies to obtain income information for the purpose of excluding parents with lower-income from the DLS program. When CSA does not have income information sufficient to exclude a parent from the DLS program, CSA will request income information from the parent. CSA will use its administrative authority for a period of three years to determine the efficacy of not referring parents to the DLS program when CSA has no income information. Rather, CSA will use the three year child support order review as an opportunity to obtain updated income information. We will make modifications to CSMS and engage in the necessary data use agreement(s) with the Comptroller's Office and other state agencies to accomplish these goals.

SB 195 language differs from SB 15, yet the policy objective is the same. Both bills distinguish between people who are unable to pay a child support obligation and people who are unwilling to pay a child support obligation for the purposes of the DLS program. Yet, SB 195, when combined with our commitment to implementing administrative and information system changes, ensures that our mutual policy objective will be effectuated faster.

SB 15 would create operational and legal barriers to implementing our mutual policy objective. SB 195 would ensure the parent and the agency properly reconcile the parent's income. SB 15 would remove this critical opportunity for communication between the agency and a parent. Reciprocal reconciliation is an operational mechanism that enables the agency to identify when a parent may need additional wrap-around services. SB 195 would also ensure CSA remains compliant with federal statutory and regulatory requirements. On the other hand, SB 15 would remove procedural due process mechanisms for parents who are noncompliant with their child support order and expose CSA to liability by exempting parents with lower incomes from notice that they are 60 days out of compliance with a child support order and have not contacted the child support agency to resolve.

We appreciate the opportunity to provide favorable testimony with amendments to the Committee for consideration during your deliberations. You will find our proposed amendment on the following page. We look forward to your partnership in helping us make sure to leave no one behind through your support of Senate Bill 195.

If you require additional information, please contact Rachel Sledge, Director of Government Affairs, at rachel.sledge@maryland.gov.

In service,

A handwritten signature in black ink, appearing to read 'Rafael López', written over a faint, larger version of the same signature.

Rafael López
Secretary

Proposed Sponsor Amendments

Amendment No. 1

On page 4, line 11, after “,”, strike “AND”

On page 4, line 13, strike “.” add “; **AND**” a new subsection (F)(3):

(3) HAS AN INDIVIDUAL INCOME FOR THE CURRENT YEAR NOT GREATER THAN 250% OF THE FEDERAL POVERTY GUIDELINES, THE MAXIMUM GARNISHMENT FOR THE COMBINED SUPPORT ORDER AND ARREARAGE SHALL BE 25 PERCENT OF THE OBLIGOR'S DISPOSABLE EARNINGS, UNLESS THE OBLIGOR WAS DETERMINED AT THE TIME OF THE MOST RECENT COURT ORDER TO BE VOLUNTARILY IMPOVERISHED.

Amendment No. 2

On page 9, line 29, strike “2024”, and replace with “**CURRENT**”.

On page 9, line 29, strike “(\$37,650 per year)”

Amendment No. 3

On page 12, line 27, strike “REFERS TO THE MAXIMUM AMOUNT” and replace with “**IS EQUAL TO 25 PERCENT**”

Amendment No. 4

On page 18, after line 1, insert:

(3) FOR OBLIGORS WHOSE INDIVIDUAL INCOME FOR THE CURRENT YEAR IS NOT GREATER THAN 250% OF THE FEDERAL POVERTY GUIDELINES, THE MAXIMUM GARNISHMENT FOR THE COMBINED SUPPORT ORDER AND ARREARAGE SHALL BE 25 PERCENT OF THE OBLIGOR'S DISPOSABLE EARNINGS, UNLESS THE OBLIGOR WAS DETERMINED AT THE TIME OF THE MOST RECENT COURT ORDER TO BE VOLUNTARILY IMPOVERISHED.

On page 18, strike lines 11-16 in its entirety.

Amendment No. 5

On page 21, line 29, strike “2019”, and replace with “**CURRENT**”.

On page 21, line 30, strike “(\$1,145)”

On page 22, line 26, strike “2019”, and replace with “**CURRENT**”.

On page 22, line 27, strike “(LESS THAN \$1,145)”

Amendment No. 6

On page 23, after line 11, insert:

**E. AFTER ESTABLISHING A CHILD SUPPORT ORDER, THE COURT SHALL
SEND A COPY OF THE GUIDELINE CALCULATION AND THE ORDER TO THE
CHILD SUPPORT ADMINISTRATION.**