

SB 195 MLA testimony FAV with amendments.pdf

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Position: FWA

Senate Bill 195

**Family Law – Child Support
In the Judicial Proceedings Committee
Hearing on January 14, 2025
Position: FAVORABLE WITH AMENDMENTS**

Maryland Legal Aid submits its written and oral testimony on SB 195.

Maryland Legal Aid (“MLA”) is a private, nonprofit law firm that provides free legal services to thousands of low-income Marylanders in civil matters, including child support cases. MLA appreciates the opportunity to testify on SB 195, a sweeping omnibus bill on child support introduced by the Department of Human Services (“DHS”) that would alter many aspects of the child support enforcement program. While MLA appreciates DHS’ desire to modernize our state’s child support procedures and supports several of its proposed changes, we are concerned that other aspects of the bill will have unintended negative consequences for Maryland families living in poverty.

A. SB 195 does not fix the current problems with its driver’s license suspension program and will likely perpetuate them.

Year after year, MLA has testified about how DHS’ driver’s license suspension program causes lasting harm to low-income families due to erroneous and unjust suspensions of non-custodial parents’ driver’s licenses for nonpayment of child support. Our experience representing non-custodial parents who have had their licenses improperly suspended has shown that driver’s license suspensions do not work as an enforcement mechanism for those who are living in poverty and do not have the ability to pay child support at rates beyond their means. For low-income parents, license suspension creates a massive barrier to employment and makes it difficult to be an involved and active parent. Without the ability to drive, a parent cannot visit their child, take them to school, or get to work. And, if parents do drive on a suspended license, they risk interactions with the police and the criminal legal system, leading to collateral consequences including criminal citations and their car being impounded.

DHS claims that SB 195¹ exempts parents with incomes “not greater than 250% of the 2024 federal poverty guidelines for an individual (\$37,650 per year)” from license suspension, but this bill, as written, does *not* accomplish that. Rather, the bill merely enumerates having an income below 250% of the poverty line as an additional basis for which parents at risk of license suspension can request an internal DHS investigation into whether suspension is appropriate. As currently written, Md. Fam. Law. § 10-119(c)(1)(i) already lists several grounds upon which a non-custodial parent facing the threat of license suspension can request an investigation. Yet, our cases show that enumerating potential grounds for requesting an investigation into whether a license should be suspended does not prevent suspensions from occurring, even in cases where those specific grounds indeed exist.

¹ See SB 195, 9:28-32.

For example, the current law states that parents who have a “documented disability resulting in a verified inability to work,” must be exempted from suspension after an investigation, but MLA clients who have a disability and who receive social security disability benefits as their only income routinely have their licenses suspended.

For instance, **Mr. M** is an MLA client whose children are all now adults. He still owes child support arrears, but he has a disability and his only source of income is Supplemental Security Income (“SSI”) disability benefits. Mr. M has been threatened with license suspensions **five times in a one-year period**. Each time he receives a notice from DHS advising him that his license will be suspended, he goes to his local child support office and provides proof of his disability and continued receipt of disability benefits. Instead of conducting an investigation, the agency requires him to make a lump sum payment in order to have his license reinstated, despite the fact that SSI is exempt from collections for child support under Maryland and federal law.

Further, many of MLA’s clients do not know their license is suspended until they find out through a routine traffic stop, because they often have not received the notice informing them of a pending suspension or their right to request an investigation. People living in poverty (like the low-income parents MLA serves) are often transient or housing insecure, making it extremely difficult to receive timely notifications. Adding another ground to request an investigation based on income status will not achieve the desired goal if those low-income parents are not aware of their right to an investigation at all.

Mr. M, and so many other disabled and/or low-income parents, are stuck in a perpetual state of impending license suspension, despite the law saying they should be exempt from suspension. When MLA assists clients with driver’s license reinstatement, we, unfortunately, know that it is merely a temporary fix. We must warn clients to be on constant alert of being re-selected for suspension by the automated system used by DHS for license suspension. Nothing in this bill will stop that same thing from happening to parents who would supposedly be exempt because of their income status.

MLA has advocated for much-needed reform of DHS’ automated driver’s license suspension system for years, and we appreciate that DHS acknowledges the harm caused by unjust license suspension. While we support DHS’ desire to ameliorate these harms, SB 195 does not do so, because it continues to place the onus on low-income individuals to ensure that they are not wrongfully ensnared by DHS’ automated system of referral for license suspension. To truly effectuate change, DHS’ bill should include language that affirmatively excludes those with income below 250% of the poverty guidelines from the automated driver’s license suspension system, rather than forcing our low-income clients to ask, month after month, to stop a pending suspension or reinstate after suspension (and all of its negative collateral consequences) has already happened. DHS could adopt the language found in SB 15, which affirmatively exempts individuals earning below 250% of the poverty guidelines from suspension.

MLA urges the committee to consider structuring the bill differently, requiring DHS to affirmatively exclude those who fall into an exception in the law from the

automated suspension system and/or to consider further actions that would eliminate the automated system completely.

B. SB 195 sets the rate of payments towards arrears at a precarious and rigid level.

SB 195 contains a provision² stating that if an individual owes arrears *after* their children are emancipated, the payment towards arrears must be kept at the full rate of the previous child support order established before the emancipation, unless a court modifies the repayment amount. This new provision would have devastating effects on parents who owe arrears for emancipated adult children—particularly parents who are low-income, seniors, and disabled and who owe arrears to the state of Maryland for previous Temporary Cash Assistance (TCA benefits) received by the custodial parent.

Currently, §10-122 of the Family Law Article allows either the courts *or* DHS the authority to set the monthly amount a parent must pay towards their arrearage balance, and it specifies that payment amount on arrears must be at least \$1 but cannot be more than 25% of the support ordered amount. Under §10-112.1, non-custodial parents whose income falls below 225% of the federal poverty level can have their state-owed arrears forgiven through the Payment Incentive Program (“PIP”). Under PIP, if the noncustodial parent makes 24 consecutive payments in full, the agency must then forgive their remaining state-owed arrears. When MLA enrolls clients in PIP, we routinely ask the agency to set a lower monthly payment amount so that low-income (often senior and/or disabled) clients can realistically keep up with the payments for 24 months and successfully complete the program to have the remainder of their state owed arrears forgiven. Under §10-122’s current language, the agency has to agree to set the payment amount at no more than 25% of the original support ordered amount. This is a necessary protection for low-income parents that SB 195 would take away.

As written, SB 195 would also take away the agency’s own current authority to set a lower payment amount on arrears after emancipation. It would force every non-custodial parent with arrears to file a motion to modify payment on arrears, inundating the court with these requests, when, as it stands now, the agency can simply set the arrears payment amount itself, without having to get a court order first. These types of motions generally take at least a year to work their way through the court system, so this will make it incredibly difficult for non-custodial parents to have their monthly arrears payment lowered to an amount that they can reasonably afford to pay.

MLA represents many senior and/or disabled clients. Some of those clients are supported financially by their now adult children because so much of their social security disability or retirement check is garnished for state-owed arrears from when that child was a minor, thus ***perpetuating the cycle of poverty***. **MLA urges the committee to strike this provision from the bill and leave section 10-122 unaltered.**

² See SB 195, 18:11-16.

C. SB 195 includes much needed updates to Maryland's child support practices, such as establishing a multifamily adjustment and clarifying that child support cases generally should not be filed against parents with children in foster care as a means of cost recovery.

Although MLA worries about the real-life consequences of some of SB 195's provisions, other parts of the bill are laudable and beneficial for the low-income families we serve. For example, SB 195 adds a multifamily adjustment to the Child Support Guidelines, creating an income deduction for parents who have additional children in their homes besides the children at issue in a given child support case. By reducing a parent's available income based on the number of additional children residing with that parent, the bill accounts for the reality that modern American families often consist of parents balancing financial responsibilities to multiple children. SB 195's multifamily adjustment ensures that no single child gets shortchanged.

Additionally, SB 195 creates statutory language clarifying that child support cases should be filed against parents with children in foster care, as a means of cost recovery, in only *limited* circumstances. This language adheres to the [guidance](#) issued by the Federal Office of Child Support Services in 2022, which highlighted how foster care cost recovery child support cases tend to destabilize vulnerable families, exacerbate economic hardship, and prolong a child's placement in foster care. Federal guidance called on states to greatly limit the filing of these cases, because they generally do not serve the best interests of children, and MLA is pleased that DHS has agreed to do so.

For the forgoing reasons, MLA urges a favorable report on SB 195, if amendments are added to address its driver's licenses suspension and arrearage payment provisions.

Sincerely



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Joseph Jones_CFUF_FAVwAmendments SB 195_2025.pdf

Uploaded by: Joseph Jones

Position: FWA



TESTIMONY IN SUPPORT OF SENATE BILL 195

Family Law – Child Support

TO: Hon. William C. Smith Jr., Chair, and Members of the Senate Judicial Proceedings Committee

FROM: Joseph Jones, CEO & President

The Center for Urban Families (CFUF), a West Baltimore workforce and family-strengthening community based organization, advocates for legislative initiatives that strengthen urban communities by helping fathers and families achieve stability and economic success.

CFUF supports Governor Moore and the Department of Human Services Senate Bill 195, with the inclusion of the sponsor amendments that they have introduced today. We would like to applaud the administration for leading with vision as they work to end child poverty in Maryland. The amended bill will establish Maryland as a leader in evidence-based Child Support reform and bring our collection and enforcement practices in line with a body of research and policy recommendations that demonstrate the most effective ways to support a child's well-being.

An Urban Institute study has found that noncustodial parents who earn less than \$10,000 owe 70 percent of child support arrears. In CFUF's primary service areas, eight thousand individuals owe more than \$120 million. In 2020, the Abell Foundation published a report on Child Support in Maryland that says "the evidence is clear: Higher orders and tougher enforcement will not increase collections when the barrier to payment is poverty.... as realistic and balanced approach to child support is essential to supporting consistent child support payments, family relationships, and child wellbeing."

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SB 195 brings a realistic and balanced approach in three key ways:

1. It sets the maximum wage garnishment rate to 25% for Marylanders earning less than 250% of the federal poverty guidelines. This is crucial, because while wage withholding is an effective tool to put child support payments into the hands of poor children, garnishment rates at the current level of 50% to 65% cause low-income obligors to leave the formal workforce and take under-the-table or illegal jobs. A 65% garnishment rate on a minimum wage job leaves the obligor with \$4/hour. The research is clear: a garnishment rate that allows the obligor to afford the necessities required to live AND pay child support leads to more consistent and higher payment rates.
2. It recognizes that the child support guidelines should reflect the fact that family compositions have become more complex and that child support orders should be calculated based on ALL children the obligor or custodial parent financially supports.
3. It eliminates the requirement for the Department of Human Services to pursue a child support order against parents whose children have been removed into foster care. It also gives the Department the ability to halt such orders that are currently in place. Studies have shown that for every \$100 of child support for families whose children have been placed in foster care, reunification is delayed by one year.

Finally, we are encouraged by the Department's willingness to work in collaboration with CFUF and other partners. As Governor Moore likes to say, those closest to the problems are closest to the solutions. When the government works with impacted individuals and the people and organizations doing the on-the-ground work, legislation is more fair, more effective, and more impactful.

I urge a favorable with amendments report.

Thank you,
Joseph Jones
CEO & President

SB 195 - Family Law - Child Support V2 - 1.14.25 -

Uploaded by: Kam Bridges

Position: FWA

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

Testimony for Senate Bill 195

Family Law – Child Support

TO: Hon. William C. Smith, Jr, Chair, and Members of the Senate Judicial Proceedings Committee

FROM: Job Opportunities Task Force

DATE: January 14, 2024

POSITION: Support with Amendments

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. **JOTF supports Senate Bill 195, which alters provisions regarding penalties for individuals who have child support arrears, with amendments regarding the 250% federal poverty level provisions.**

Mobility is key in Maryland's regional economy. The Census Bureau reported that almost [40% of Marylanders travel outside their county for employment](#). This statistic is more pronounced for lower-income communities of color where there is a scarcity of jobs available by public transit. [Only 8.5% of jobs in the Baltimore region can be reached within one hour, one way by public transit](#). Thus, a valid driver's license and a vehicle are overwhelmingly critical for a noncustodial parent to maintain an income that can be used to make child support payments in the first place.

Additionally, [a report cited](#) by the Abell Foundation found that **42% of individuals who had their licenses suspended lost jobs as a result of the suspension, 45% of those who lost jobs could not find another job, and 88% of those who were able to find another job reported a decrease in income.**

Senate Bill 195 allows individuals who make under 250% of the federal poverty level (around \$38,000 for 2025) to ask for an exception from having their driver's license suspended for child support arrears. However, the burden is still placed on the individual to request that exemption. Current law already allows for individuals in arrears to request an exemption for license suspension if losing their license would be an undue burden. But in practice, most low-income individuals do not request that exemption even though they qualify. They often do not have stable residency, so mailing information to them is ineffective. And even if they do receive the notice, they often do not know how to navigate the process.

JOTF contends that resources that have historically been underutilized by disenfranchised populations due to systematic barriers are not effective avenues at all. As such, we are seeking an amendment that would require individuals in arrears who make under 250% of the FPL to be automatically exempt from license suspension. In addition, we are also requesting an amendment that would authorize the Child Support Administration to enter into a Memorandum of Understanding with the Office of the Comptroller to share tax information so that the CSA can verify income levels to process automatic exemptions.

For these reasons, JOTF supports Senate Bill 195 with amendments and urges a favorable report for the amended bill.

For more information, contact:

Kam Bridges / Senior Public Policy Advocate / Kam@jotf.org

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Position: FWA

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

Testimony for Senate Bill 195

Family Law – Child Support

TO: Hon. William C. Smith, Jr, Chair, and Members of the Senate Judicial Proceedings Committee

FROM: Job Opportunities Task Force

DATE: January 14, 2024

POSITION: Support with Amendments

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. **JOTF supports Senate Bill 195 with two amendments.**

One amendment would exempt those who earn 250% of the federal poverty level (\$38,000) or less from having their driver's license suspended for child support arrearages, which is consistent with legislation that has come before the Judicial Proceedings Committee in recent years. The other amendment would authorize the Comptroller's Office through a Memorandum of Understanding to share taxpayer information to ascertain which obligors meet this exemption

Many jobs for those living in Baltimore city are in surrounding counties and consequently to get to these jobs, a car and a driver's license is required. If a person does not have a car or a driver's license they cannot get to their job, and without their job they have no income, and without their income they cannot pay their child support. Thus taking a low income person's driver license away is harmful to the obligor, the custodial parent and the child. It is counter-productive.

A Report from the Abell Foundation ([see here](#)) discusses in detail how suspending the driver's license of a low income individual hurts the obligor, the child and the family.

The 250% language as a basis for the obligor to object and request an investigation and a hearing would become just one more factor that in practice does not occur. That is the reason why Senator Watson and Senator Muse have offered legislation for several years to address this situation and this committee has agreed with them.

JOTF supports an amendment making the 250% of poverty language an exemption to having a driver's license suspended. We also support an additional amendment that says: Notwithstanding Section 13-202 of the Tax General Article, the Comptroller's Office may share taxpayer information with the Department of Human Services for determining if an obligor is eligible for the exemption from having their driver's license suspended.

For these reasons, JOTF supports Senate Bill 195 with amendments and urges a favorable report for the amended bill.

For more information, contact:

Mark Woodard / Senior Public Policy Advocate / Mark@jotf.org

1 14 2025 OPD Testimony SB 195 Favorable with Amen

Uploaded by: Natasha Khalfani

Position: FWA



NATASHA DARTIGUE
PUBLIC DEFENDER

KEITH LOTRIDGE
DEPUTY PUBLIC DEFENDER

MELISSA ROTHSTEIN
CHIEF OF EXTERNAL AFFAIRS

ELIZABETH HILLIARD
DIRECTOR OF GOVERNMENT RELATIONS

POSITION ON PROPOSED LEGISLATION

BILL: Senate Bill 195 Family Law – Child Support

FROM: Maryland Office of the Public Defender

POSITION: Favorable with Amendments

DATE: January 14, 2025

The Maryland Office of the Public Defender respectfully requests the Committee issue a favorable report with amendments on SB 195 as outlined below.

Senate Bill 195 as written would create Family Law Article 5-525.3 which gives the Child Support Administration of the Department of Human Services (“DHS”) the exclusive authority to decide whether to seek child support from parents of children who are in foster care, and to determine whether to take action to seek to terminate existing child support orders for children in foster care. Moreover, the bill gives the Secretary of the Child Support Administration alone the power to adopt rules and regulations to implement this section.

The impact of collecting child support from parents of children in foster care is adverse. This bill will continue the already disparate application of pursuing child support actions against parents whose children are in foster care across the State. The practice is costly and does not result in a fiscal benefit to the State. In fact, collecting child support from poor parents is a wasteful practice as it has shown to cost more money to litigate child support than the funds that the State will ever actually

obtain.¹ The federal government, by way of the Bureau of Children and Family, has recommended that child support not be sought from parents whose children are in foster care.²

The Parental Defense Division of the Office of the Public Defender (OPD) represents approximately 95% of parents of children who are in foster care. To be eligible for the services of the OPD the parents must be poor. Indeed, part of the reason the children come to the attention of the Department of Social Services (DSS) is that the family is often experiencing poverty-related issues, such as homelessness, lack of food, lack of daycare, and other issues, the root cause of which is lack of money. By permitting DHS to seek child support from already poverty-stricken parents to pay for the care of children who are in the care of the State (which already receives substantial federal funding for the care of the children) will only exacerbate the problems that led to the breakdown and separation of the family, and further prevent the reunification of children to parents who are capable but for monetary limitations.

While this bill proposes to limit the instances in which the Child Support Administration can pursue child support from parents whose children are in foster care, it does not offer any guidance to what would be deemed appropriate circumstances for which child support should be sought. The reality is for parents of children in foster care, child support only creates an additional barrier that parents have to overcome to reunify with their children.

OPD recommends that the language of SB195 section 5-525.3 (A) be amended to: *“The Administration is prohibited from taking action to pursue an assignment of child support for a child who is in foster care.”* Alternatively, if the administration insist on a mechanism to pursue child support, we propose the language should read, *“Only in circumstances where a parent has not been deemed indigent or living in*

¹ Carol Chellew, Jennifer L. Noyes, and Rebekah Selekman, “Child Support Referrals for Out-of-Home Placements: A Review of Policy and Practice,” Institute for Research on Poverty, October 2012, https://www.irp.wisc.edu/wp/wp-content/uploads/2018/06/Task6_CS_2011-12_CSPII.pdf; Washington State Department of Social and Health Services, Division of Child Support, “Washington’s Cost Effectiveness for Foster Care Child Support Cases,” June 7, 2019, <https://www.dshs.wa.gov/sites/default/files/ESA/dcs/documents/Cost%20Effectiveness%20FC%20collections%20FINAL.pdf>; Orange County Department of Child Support Services, “Child Support and Foster Care,” July 2020, <https://www.css.ocgov.com/sites/css/files/import/data/files/116568.pdf>.

² Aysha E. Schomburg and Tanguler Gray, “Joint Letter Regarding Assignment of Rights of Child Support for Children in Foster Care,” Administration for Children & Families, U.S. Department of Health and Human Services, July 29, 2022, https://www.acf.hhs.gov/sites/default/files/documents/cb/letter_regarding_assignment_rights_child_support_for_children_foster_care.pdf.

poverty, and the permanency plan is not reunification, the Administration may take action to secure an assignment of child support where it is shown such action is in the best interest of the child.”

Additionally, to ensure that parents and children are given the best opportunity possible to reunify, we suggest the following amendments and modifications to improve the bill so that the bill achieves the anticipated benefits. The bill should repeal Courts and Judicial Proceedings Section 3-819(l) which states, “After giving the parent a reasonable opportunity to be heard, and determining the income of the parent, the court may order either parent or both parents to pay a sum in the amount the court directs to cover wholly or partly the support of the child under this subtitle.” Repealing this provision would prevent local agencies and courts from evading the intent of SB195 and imposing onerous and counter-productive child support obligations on indigent parents. Finally, should the Administration pursue a child support action, the bill should give guidance to the Administrator that public benefits such as Social Security Disability and SSI should not be considered as part of a child support calculation.

These amendments would ensure that parents who have lost custody of their children are not unduly burdened with paying child support for their children while simultaneously working to improve their economic status to reunify with their children. This would also save the state money in pursuing actions that do not yield any significant benefit because parents are unable to pay.

For these reasons, the Maryland Office of the Public Defender urges this Committee to issue a favorable report with amendments on SB 195.

Submitted by: Maryland Office of the Public Defender, Government Relations Division.

Authored by: Nena Villamar, Chief of Parental Defense Division, (410) 458-8857, nena.villamar@maryland.gov; Natasha Khalfani, Attorney, natasha.khalfani@maryland.gov

SB195 Maryland Dept. of Human Services

Uploaded by: Rafael López

Position: FWA



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.**

Out for Jusitce Testimony SB195 DB.pdf

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Position: UNF



TESTIMONY IN OPPOSITION OF SENATE BILL 195
Family Law - Child Support

TO: Hon. Will C. Smith, Chair, and Members of the Senate Judicial Proceedings Committee

FROM: Dwan Burton, Deputy Director for Out for Justice

DATE: January 14, 2025

On behalf of Out for Justice (OFJ), a nonprofit advocacy organization led by individuals directly impacted by the legal system, we write to express our strong opposition to DHS' 2025 Family Law- Child Support (HB0218/SB0195), which introduces provisions to garnish the wages of 1099 workers and independent contractors, mandates employer reporting to the Department of Human Services (DHS) for a maximum 65% wage garnishment and imposes penalties for employer non-compliance. Senate Bill 195 also garnishes personal injury awards and winnings from sports betting and fantasy winnings. Lastly, it increases the chances of incarceration due to expanding the contempt window from 3 to 7 years.

OFJ represents thousands of Marylanders who have faced significant barriers to employment due to the collateral consequences of legal system involvement. Many of our members turn to independent contracting as one of the few viable pathways to earn a living. This work is often unstable, irregular, and hard-earned. The proposed legislation would disproportionately burden these workers, exacerbating their challenges.

Here are our key concerns:

1. **Racial Disparities:** Per the [Senate Bill 164 \(2024\) Fiscal note](#), in 2023, the MVA suspended approximately 20,512 licenses due to child support noncompliance. In the same fiscal note, OAH indicates that only 34 hearing requests were made in fiscal 2023 involving CSA and an obligor's driver's license suspension. Further, [the NAACP Maryland State Conference reported that Black parents comprised 71% of these suspensions from 2015-2020](#).
2. **Exacerbating Economic Marginalization:** Independent contractors, particularly formerly incarcerated ones, already encounter systemic barriers to stable employment. Garnishing up to 65% of their wages would leave them with insufficient income to meet basic needs, perpetuating cycles of poverty and instability. Worse, this bill will allow the entirety of a personal injury award to be taken from an injured person, which retraumatizes them and leaves them economically destitute.
3. **Unfair Burden on Employers:** The requirement that employers report independent contractors to DHS places an undue administrative burden on businesses. This could discourage them from hiring contractors with legal system involvement, further limiting the already limited opportunities available to these workers.
4. **Increased Risk of Recidivism:** Financial instability is a well-documented driver of recidivism. By targeting the limited income streams of independent contractors, this



legislation creates an overly oppressive environment, increasing the likelihood of individuals moving into the underground economy to secure income.

5. **Government Overreach and Financial Predation:** This legislation not only creates barriers for marginalized groups but also opens the door for the government to act as financial predators. **It establishes an avenue for wage garnishment on independent contractors that did not previously exist**, setting a dangerous precedent for further exploitation of vulnerable workers.
6. **Driver's License Suspensions - Not a fix:** Previously, OFJ supported [HB0326/SB0164](#) (2023), sponsored by Senators Watson and Henson, to allow obligors with an annual income of less than \$38k to be automatically excluded from the driver's license suspension mechanism. It was vital to our members to protect their access to transportation upon release in our efforts to assist them with securing employment. The current DHS Bill Language does not automate the process; instead, it burdens the obligor to prove their income while still having their license suspended regardless of impact or hardship, as is the current DHS practice. This needs to be fixed in this bill back to the 2023 or even [2024 bill language](#). That bill passed out of both chambers overwhelmingly and should be appropriately inserted into the DHS bill.

Rather than punitive measures, we urge the legislature to prioritize policies that support economic stability and growth for individuals re-entering society. This includes expanding access to job training programs, creating incentives for businesses to hire individuals with legal system involvement, and investing in social services that address the root causes of economic hardship.

We stand ready to collaborate with lawmakers to develop more equitable solutions that promote public safety and economic opportunity for all Marylanders. We strongly urge you to reconsider this legislation and vote against its passage.

Thank you for your attention to this critical matter. Please do not hesitate to contact OFJ for further discussion or information.

Respectfully submitted,
Dwan Burton
Deputy Director
Out for Justice Inc.