



## **Senate Bill 16: Child Support - Earnings Withholding Limits** *Cap Child Support Wage Garnishments at 25% for Low-Income Parents*

### THE CHALLENGE

- Under [federal law](#), the Child Support Administration has the right to **garnish 50% - 65%** of an obligor's (parent paying child support) income to enforce a child support order.
- After taxes and a 65% garnishment, an employee making \$15/hour is **left with approximately \$4.25/hour, or \$8,000 per year, to cover housing, food, and clothing.**
- An [Abell Foundation report](#) by the former Federal Child Support Director found that "[the 50% to 65%] withholding rate can have **the unintended effect of pushing low-wage parents out of a job**, because the remaining paycheck is often too little to survive on." (pg.24)
- According to the most [recent quadrennial review](#) conducted by the University of Maryland School of Social Work (pg. 17):
  - **65% of child support obligors earn less than [Maryland's Living Wage \(\\$54,500\)](#)**
  - **50% of child support obligors make less than [200% of the Federal Level \(\\$31,000\)](#)**
  - *Note: The report utilizes the 2018 Maryland Living Wage (MLW) of \$2,614 per month for one adult. In 2025, the MLW for one adult is [\\$26.17 per hour](#), which is \$4,188 per month and \$54,500 per year, assuming a 40-hour workweek.*
- Research shows that **child support is more likely to be paid if it consists of [roughly one-fifth of an obligor's income](#)** (Eldred & Takayesu, 2011), and **[collection rates decline when support orders comprise more than 30% of obligors' incomes](#)** (Hodges, 2020).
- When obligors leave the workforce due to excessive garnishments, **the entire family loses** access to critical financial support, and the state's tax base is reduced.

### CURRENT LAW

- The [1968 Federal Consumer Protection Act \(CCPA\)](#) caps wage garnishment at 25% of disposable income for most debts, such as credit card and medical debts, but allows up to 65% garnishment for child support and alimony obligations.
- [Maryland Ann. Code Family Law §12-101](#) defines an obligor's income as income from any source, including salaries, wages, commissions, bonuses, expense reimbursements, social security, workers' compensation, unemployment insurance, disability insurance, dividends, interest, trusts, annuities, and alimony - all of which are subject to garnishment. However, [Income from public assistance is exempt](#) (e.g., TANF, SNAP, SSI).

### SOLUTION: CAP WAGE GARNISHMENTS AT 25% FOR LOW-INCOME PARENTS

- As stated in the Abell Report, Maryland should cap wage garnishments at 25% for parents with annual incomes below \$40,000, or 250% of the [Federal Poverty Level](#). (pg. 38)
- Lowering the maximum garnishment rate **results in higher child support collections.**
- When obligors aren't forced to choose between basic survival and paying child support, they **remain employed** in the formal workforce and **make more consistent payments over time, resulting in measurable improvements in child development outcomes, more cooperative co-parenting relationships, and enhanced financial stability** for both households.

**For more information, contact:**

Christopher Dews / [Christopher@dewsassociates.com](mailto:Christopher@dewsassociates.com) / 301-412-5399