

## A PROFILE OF BALTIMORE CITY'S CHILD SUPPORT CASELOAD: 2010 TO 2012

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The most recent installment of the annual *People & Payments* series provided a three-year analysis of the Maryland public child support caseload. The report documented many successes, including improvement in the percent of current support and arrears cases with payments.<sup>i</sup> In July 2012, for example, more than two-thirds of all arrears cases had at least one payment in the previous year, a significant increase over previous years (61% to 68%). Four out of every five cases had an order for support in place in federal fiscal year 2012, and approximately two-thirds of current support that was owed was collected, as documented in a report issued by the federal Office of Child Support Enforcement.<sup>ii</sup>

Differences among Maryland's 24 jurisdictions, some of which border other states, may often be masked in the presentation of statewide analyses. Providing relevant caseload information at the local level is a key component of creating informed policies that support Maryland's diverse child support caseload. In this special installment of the *People & Payment* series, we offer a local perspective on the child support caseload for each of the five largest jurisdictions in Maryland—Baltimore City as well as the counties of Anne Arundel, Baltimore, Montgomery, and Prince George's. In this brief, specifically, we provide information on Baltimore City's public child support caseload, including data on support orders and payments to current support and arrears. Considering Baltimore City's size, it is especially important to examine its performance separated from the state performance.

### Methods

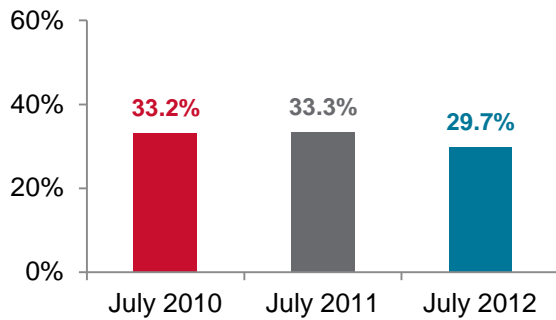
Each July, a random sample of active child support cases in the public system is selected for the annual *People & Payment* series. This brief utilizes random samples<sup>iii</sup> that were selected from July 2010, July 2011, and July 2012 and retrieved from the Child Support Enforcement System—a database maintained by the Department of Human Resources, State of Maryland.

### Baltimore City Characteristics<sup>iv</sup>

Baltimore City is very diverse and home to 10.5% of the state's population (622,000 residents). Two-thirds of the city's residents are African American, and approximately half are male. Eight out of every 10 Baltimore City residents over the age of 25 have obtained a high school diploma, but slightly more than one-quarter have attained a bachelor's degree, compared to just over one-third of all Maryland adults (26.1% vs. 36.3%). One-quarter of the city lives below the poverty line, while less than 1 in 10 Maryland residents has income that low. Even more, the median household income in Baltimore City is about \$40,000, compared to \$73,000 for the state overall.

Having a large population, it is not surprising, then, that Baltimore City has the largest child support caseload in the state. Figure 1 shows that, in July 2012, 30% of all Maryland public child support cases were in Baltimore City, representing about 66,000 cases. This percentage is down, however, from 33% in July 2010 and July 2011. Due to the size of its caseload, among other reasons, Baltimore City's public child support system has been managed by a private company for decades.

**Figure 1. Percent of Statewide Caseload\*\***  
2010 to 2012



Note: \*p<.05 \*\*p<.01 \*\*\*p<.001

### Cases with a Support Order

In order to collect child support, an order for support must be established. There are two types of support orders: current support and arrears. Current support is determined by the amount of income from both parents and represents the financial support necessary for raising children. When current support is collected each month, it is then distributed to the custodial family's case. If the noncustodial parent does not pay current support, then arrears accumulate, and an order for arrears may be established.

Among all sampled Maryland cases, about three in four (77.6%) had an order for support in July 2012.<sup>1</sup> This figure increased by four percentage points between 2010 and 2012. Although the city had a lower percentage of cases with an order for support, it also had a similar rise in cases with established orders, as shown in Figure 2. In July 2010 and July 2011, about two-thirds of all cases had an order. In July 2012, 7 out of every 10 (70.8%) cases had an order for support.

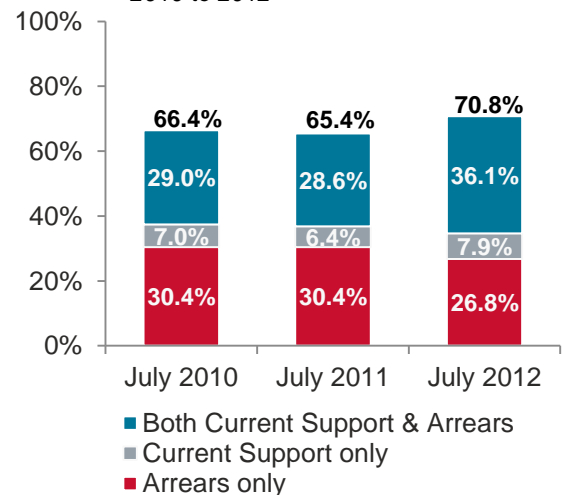
This increase was largely attributed to an increase in the percent of cases that had an established order for *both* arrears and current support. In July 2012, more than one-third (36.1%) of Baltimore City cases had an established order for current support and arrears, a figure that increased over the previous years (about 29% in July 2010 and July 2011). Even with the increase of about seven percentage points, Baltimore City had a smaller percentage of cases with orders for both current support and arrears compared to the state in July 2012 (36.1% vs. 43.9%).

In July 2012, about one-quarter (26.8%) of cases in Baltimore City had an order for arrears only, suggesting that a sizeable portion of Baltimore City cases include children that are over the age of majority, and there is no duty for current support to the custodial family. Also, the percentage of cases with orders for only arrears was higher than the state average (26.8% vs. 19.1%). However, the July 2012 figure is lower than the previous two years in Baltimore City, where 30% of cases in July 2010 and July 2011 were arrears-only cases. The state also experienced a similar, although smaller, decline in arrears-only orders.

While Baltimore City and the state as a whole experienced a decline in arrears-only orders, they both also had a small increase in cases with orders for current support only. Between July 2010 and July 2011, there was a small decrease in current support orders (from 7.0% to 6.4%), and then an increase in July 2012 to 7.9% of Baltimore City cases.

Overall, Figure 2 shows that the percentage of cases with an order for both current support and arrears increased considerably between July 2010 and July 2012. Cases with an order for only current support also increased slightly, while there was a slight decline in arrears-only orders. For cases without a support order, it is likely paternity had not yet been established or that the case did not require a support order.

**Figure 2. Cases with a Support Order\*\*\***  
2010 to 2012



Note: \*p<.05 \*\*p<.01 \*\*\*p<.001

### Percent of Current Support Paid

After an order for current support is established, the Maryland Child Support Enforcement Administration (CSEA) can collect payments on behalf of the family. If received, child support can represent as much as 40 percent of a low-income custodial family's income,<sup>v</sup> and with a high percentage of families below the poverty level in Baltimore City, these payments can allow some families to remain self-sufficient.

The majority of cases with an order for current support in Maryland usually receive payments. In fact, 8 in every 10 current support cases statewide receives a payment during a one year period. Figure 3 shows the percent of current support paid in the prior year for each study month. To clarify, for the July 2012 sample, this figure shows the percent of current support paid between July 2011 and June 2012.

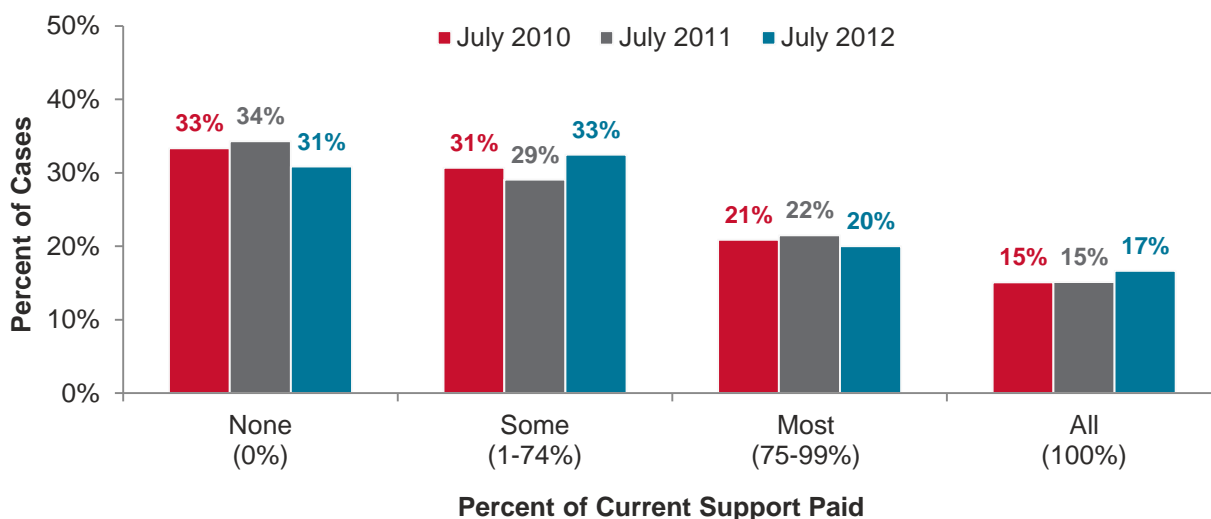
On average, Maryland custodial families were owed \$4,300 in current support between July 2011 and June 2012.<sup>1</sup> In Baltimore City, custodial families were owed an average of \$3,200, and approximately one out of every three cases had no payments to current

support during the prior year. Specifically, 31% of Baltimore City cases did not receive any payments toward current support in the year prior to July 2012; at the state level, only 18% of cases did not receive a single payment during the year. On a slightly more positive note, a smaller percentage of families received no payments among the July 2012 sample. About one-third of cases among the July 2010 and July 2011 sample received no payments.

Another three out of ten cases received some of the current support that was owed. For example, in the year prior to July 2012, 33% of all cases received *some* of the current support that was owed; that is, they received between 1% and 74% of the total current support that was owed in that year.

Figure 3 also shows that most or all of the current support owed in the prior year was paid to nearly two-fifths of all cases. In the July 2012 sample, for example, one-fifth (20%) of cases received *most* (75% – 99%) of the current support owed to them and nearly another one-fifth (17%) of cases received *all* (100%) of the current support that was owed in the prior year.

**Figure 3. Percent of Current Support Paid in Previous Year**  
2010 to 2012



**Note:** Only cases with current support due were included in this analysis. Payments made by noncustodial parents are distributed among their various child support accounts; represented in Figure 3 is the payment amount that was distributed to a current support account.

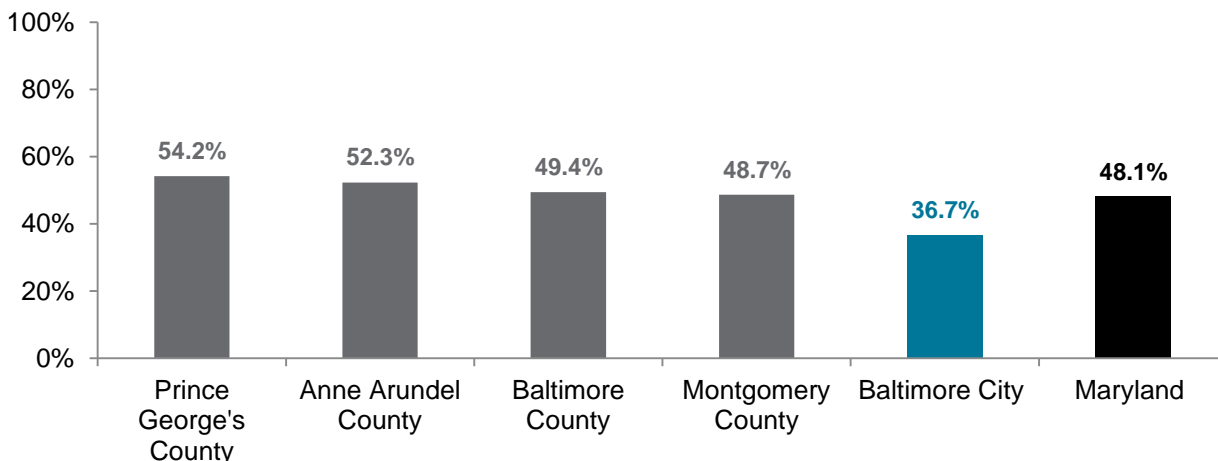
As shown in Figure 4, Baltimore City had a lower percentage of cases that received 75% or more of the current support that was owed compared to the rest of the state (36.7% vs. 48.1%). Furthermore, when compared to other large jurisdictions, Baltimore City had the lowest percentage of cases that received 75% or more of the current support owed in the year prior to July 2012. In other large jurisdictions, about half of current support cases received most or all of current support owed in the previous year.

Figures 3 and 4 paint a discouraging picture for Baltimore City. Surrounding this picture, though, are facts that shed some light on why Baltimore City has struggled to achieve higher collection rates for current support. First, this jurisdiction experienced one of the worst unemployment rates in the state during the years following the Great Recession, and certainly, the worst unemployment rate of any of the other large jurisdictions represented. In 2010, the unemployment rate was 11.9%, the second highest in the state, while the state average was 7.9%. By 2012, Baltimore City's unemployment rate was still at 10% and the state average was just under 7%.<sup>vi</sup>

Additionally, there is a practice—in some instances—to impute the income of an unemployed noncustodial parent during the establishment or modification of the child support order. While it is not a common practice across the state, nearly one in five noncustodial parents in Baltimore City may have an order based on imputed income.<sup>vii</sup> Generally, when income is imputed, it is done so at the prevailing, full-time minimum wage. If a noncustodial parent is unable to obtain a full-time minimum wage job, then his ability to fully comply with the current support order is hindered.

Furthermore, one out of every four Baltimore City residents live below the federal poverty line, and some noncustodial parents may struggle to find and maintain full-time jobs. These factors create challenging conditions for the collection of current support. Nonetheless, there were improvements observed in the most recent year of data. Despite high levels of poverty and unemployment, the percentage of noncustodial parents who paid none of their current support decreased, and the percentage that paid some or all of their current support increased.

**Figure 4. Cases that Received 75% or more of Current Support: Largest Jurisdictions\*\*\***  
*July 2012 Sample: Payments made between July 2011 and June 2012*



**Note:** Only cases with current support due in the year prior to July 2012 were included in this analysis. \*p<.05 \*\*p<.01 \*\*\*p<.001

### Arrears Cases with Payments

Current support collections are just one of the notable improvements made by Baltimore City. The second major improvement was with arrears collections. If a noncustodial parent falls behind in current support payments, or if a support order is retroactive, arrears begin to accumulate. About two-thirds of all Maryland cases have an arrears balance;<sup>i</sup> however, when a noncustodial parent is behind in payments, it can be difficult to make payments toward both current support and arrears. This is especially true if the current support order amount exceeds the noncustodial parent's ability to pay, or the support order was calculated through imputed income.

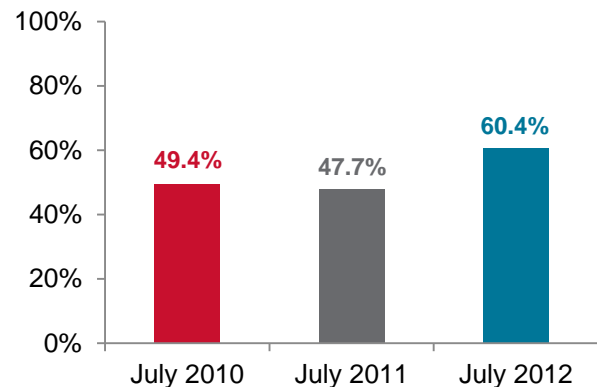
Given the lower rate of current support collections, the average arrears balance for Baltimore City cases was higher than that of the state in July 2012 (\$12,800 vs. \$10,300). Despite this, Baltimore City improved arrears collections between 2011 and 2012. At the federal level, the performance of arrears collections is measured by the percent of arrears cases with any payments, rather than the percentage of total arrears that were paid. Hence, Figure 5 shows the percent of arrears cases that had at least one payment in the year prior to the study month.

In both the July 2010 and July 2011 samples, fewer than half of the arrears cases received a payment (49.4% and 47.7%, respectively). For the July 2012 sample, though, this percentage increased, and three out of every five (60.4%)

arrears cases in the prior year received at least one payment. At the state level, there was a similar increase in the percent of arrears cases with a payment,<sup>i</sup> although the growth was larger in Baltimore City (12 percentage points vs. 7 percentage points between the July 2011 sample and the July 2012 sample).

For arrears cases with at least one payment, Baltimore City was not far behind other large jurisdictions and the state (Figure 6). Among the other large jurisdictions and the state as a whole, two-thirds or more of arrears cases had at least one payment in the year prior to July 2012. With the growth seen in the previous years, however, Baltimore City may also reach this performance level.

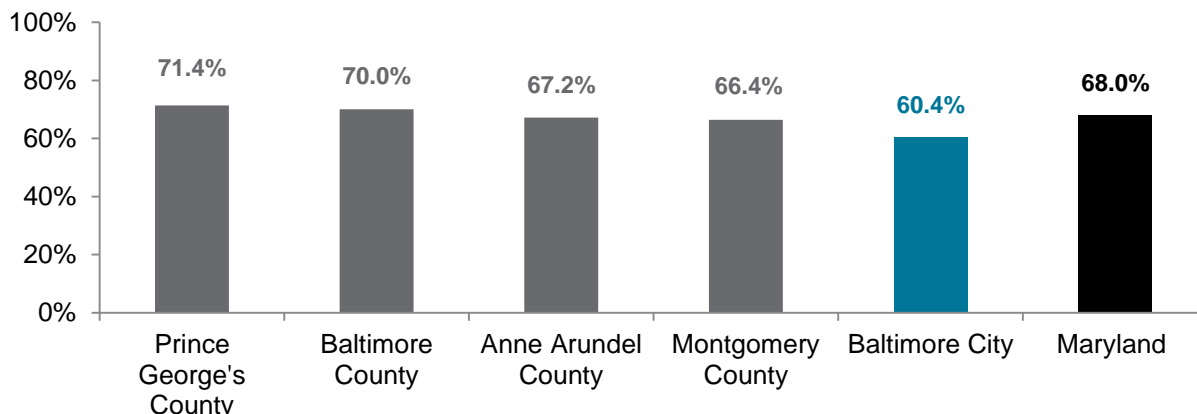
**Figure 5. Arrears Cases with a Payment\*\*\***  
2010 to 2012



**Note:** Only cases with an arrears balance were included in this analysis. \*p<.05 \*\*p<.01 \*\*\*p<.001

**Figure 6. Arrears Cases with a Payment: Largest Jurisdictions\*\*\***

July 2012 Sample: Payments made between July 2011 and June 2012



**Note:** Only cases with an arrears balance were included in this analysis. \*p<.05 \*\*p<.01 \*\*\*p<.001



## Welfare Participation

Similar to its child support caseload, Baltimore City also has the largest welfare caseload in Maryland. Given the higher poverty rates and the lower child support collection rate in the city, it is not surprising to find that more families are in need. In fact, two-thirds of all families in Maryland’s welfare program—Temporary Cash Assistance (TCA)—are Baltimore City residents.<sup>viii</sup> Hence, the receipt of child support is especially important to these families.

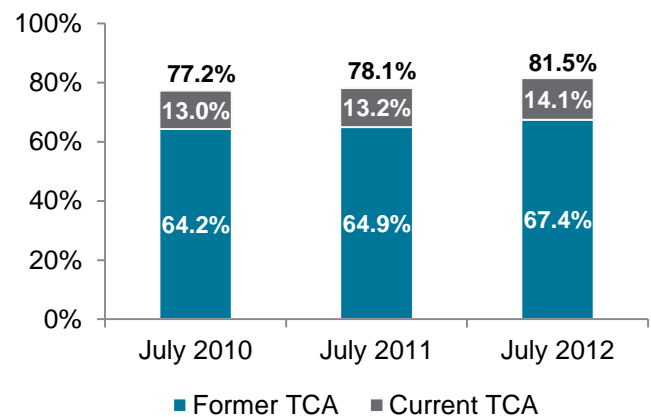
To receive TCA benefits in Maryland, most applicants must pursue child support through the public child support system. Encouraging the establishment of a child support order for these poor families is beneficial for the state in two ways. First, it allows them to recoup some of the costs associated with benefits paid through the TCA program. That is, in Maryland, families are not able to receive TCA and child support concurrently; rather, the state retains child support collected while the family is receiving public welfare benefits. Second, it ensures that an order is in place when the family leaves TCA, and it may increase the likelihood that parents receive child support after they leave welfare. Receipt of child support may also reduce a family’s need to return to TCA.

Although there is a requirement to participate in the child support program, not all cases are in the public child support system due to TCA receipt. Nonetheless, due to this federal requirement, a majority of the custodial families in Baltimore City’s child support caseload are former or current TCA recipients. As shown, in Figure 7, approximately four out of every five child support cases either currently receives TCA or received TCA in the past. Furthermore, the percent of child support cases that received TCA increased over time. In July

2010, 64.2% of child support cases had formerly received TCA, and 13.0% received TCA in the study month. By July 2012, more than two-thirds (67.4%) of cases had formerly received TCA, and one in seven (14.1%) received TCA in the study month. This finding is consistent with the growth in the overall TCA caseload in Maryland, although it had begun to recede by 2012.<sup>vii</sup>

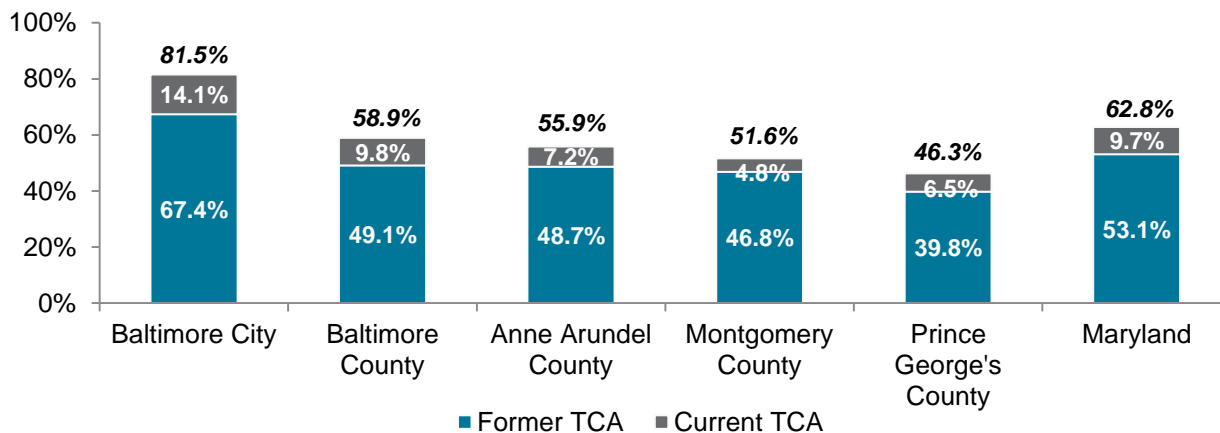
For comparison with each of the other large jurisdictions and the state, Figure 8 shows the percent of custodial families that were former or current TCA cases in July 2012. Baltimore City’s percentage was much higher than the overall percentage for the state (81.5% vs. 62.8%). TCA receipt among custodial families was also higher in Baltimore City compared to the other large jurisdictions. In fact, Baltimore County had the second highest percentage of custodial families with TCA receipt (58.9%), and this was about 20 percentage points lower than Baltimore City. Given the demographic differences between Baltimore City and the other large jurisdictions (higher poverty, higher unemployment, lower income), it makes sense that Baltimore City would have a higher rate of TCA receipt among custodial families.

**Figure 7. TCA Receipt\*\*\***  
2010 to 2012



**Note:** \*p<.05 \*\*p<.01 \*\*\*p<.001

**Figure 8. TCA Receipt: Largest Jurisdictions\*\*\***  
*July 2012 Sample*



**Note:** \*p<.05 \*\*p<.01 \*\*\*p<.001

### Summary

This brief provides a local perspective on the public child support caseload in Baltimore City and highlights differences compared to other large jurisdictions and the state. In the face of high poverty levels, high unemployment rates, and the largest child support and welfare caseloads in the state, this brief shows that Baltimore City has improved current support and arrears collections. Specifically, there was improvement in the percent of cases with an order for support, a slightly lower percentage of cases that paid none of their current support obligation, and a higher percentage of arrears cases with payments.

Nonetheless, work still remains in Baltimore City. Three in 10 cases still had no payments toward the current support obligation, and just

over one-third of cases received 75% or more of the current support obligation, compared to half of cases in the other large jurisdictions. While there was an increase in the percentage of arrears cases with a payment, Baltimore City's percentage was still eight percentage points below the state average.

Given the higher rate of imputed income and potentially higher unemployment among non-custodial parents, Baltimore City was still able to show some performance improvement. Policies that limit imputing income and base orders on actual income or a noncustodial parent's ability to pay may also encourage performance growth. Additionally, assisting unemployed noncustodial parents—or those with a criminal record—with employment services may also improve current support collection rates.

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**Sources:**

- <sup>i</sup> Passarella, L. & Born, C.E. (2014). *People & Payments: A profile of Maryland's child support caseload in July 2012*. University of Maryland, Family Welfare Research & Training Group.
- <sup>ii</sup> Office of Child Support Enforcement, Administration for Children & Families. (2013). *FY2012 Preliminary report*. Retrieved from: <http://www.acf.hhs.gov/programs/css/resource/fy2012-preliminary-report>
- <sup>iii</sup> In July 2010 (n=12,545) and July 2012 (n=10,952), a five percent random sample was drawn. In July 2011 (n=7,270), a three percent random sample was drawn.
- <sup>iv</sup> Data retrieved from the United States Census Bureau: <http://quickfacts.census.gov/qfd/states/24/24510.html>
- <sup>v</sup> Sorensen, E. (2010). Child support plays an increasingly important role for poor custodial families. Retrieved from the Urban Institute website: <http://www.urban.org/UploadedPDF/412272-child-support-plays-important-role.pdf>
- <sup>vi</sup> Department of Labor, Licensing and Regulation. (2014). *Employment, unemployment and unemployment rate by place of residence*. Retrieved from <http://www.dllr.state.md.us/lmi/laus/>.
- <sup>vii</sup> Passarella, L. & Born, C.E. (2014). *Imputed income among noncustodial parents: Characteristics and payment outcomes*. Retrieved from the University of Maryland, Family Welfare Research & Training Group website: <http://www.familywelfare.umaryland.edu/reports1/imputed.pdf>
- <sup>viii</sup> Gleason, E., Nicoli, L., & Born, C.E. (2014). *Life on Welfare: Trends in the 2012 Caseload*. Retrieved from the University of Maryland, Family Welfare Research & Training Group website: <http://www.familywelfare.umaryland.edu/reports1/lifeon2012.pdf>

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