

MARYLAND'S CHILD SUPPORT CASELOAD: A PROFILE OF CUSTODIANS, 2021

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The public child support program ensures the millions of children in the United States with separated parents obtain financial support from their parents by assisting families with locating parents, establishing paternity, and establishing and enforcing support obligations (Sorenson, 2016; Office of Child Support Enforcement [OCSE], n.d.). Nationally, the program reached about 12.6 million children in 2021, including one in three low-income children (National Conference of State Legislatures [NCSL], 2021; OCSE, 2022). Locally, the program reached about 170,000 Maryland families (OCSE, 2022). Aside from its broad reach, the public child support program is also one of the most federally effective programs, serving the third highest number of children in the U.S. while having some of the lowest administrative costs (OCSE, 2020).

Receipt of child support is very important for all families caring for children but is particularly valuable to custodians with low incomes (Sorenson, 2016). When received regularly, child support payments make up, on average, 41% of income for poor families and guarantee custodians a consistent source of income to meet their children's needs (Sorenson, 2016). Additionally, child support receipt has been linked to greater economic independence of mothers, greater resource security for children, and a higher likelihood of a father being involved in the day-to-day activities of their children, among other benefits (Cancian & Meyer, 2014; Sorenson, 2016; Nepomnyaschy et al., 2021).

Many families in the public support program also participate in federal safety net programs such as the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Temporary Assistance for Needy Families (TANF) (Sorenson, 2021). In order to receive TANF, families are required to cooperate with state child support agencies and waive their rights to child support to the state to help recoup some of the program's costs.¹ Certain states, including Maryland, however, allow some child support to be passed through

KEY FINDINGS

- ❖ Half (53%) of custodians were employed between July 2020 and June 2021. However, TANF custodians earned a fraction of non-TANF custodians' earnings (\$21,742 vs. \$40,063).
- ❖ TANF custodians were more likely to have three or more children on their case compared to non-TANF custodians (15% vs. 5%). They were also more likely to have more than one case (31% vs. 7%).
- ❖ TANF custodians were less likely to be owed current support than non-TANF custodians (57% vs. 69%). Both groups were likely, however, to receive a current support payment (87% vs. 90%).
- ❖ The average monthly support order amount was \$425 for TANF custodians and \$603 for non-TANF custodians.
- ❖ A similar percentage of TANF and non-TANF custodians were owed arrears (63% vs. 59%), but non-TANF custodians were more likely, to receive an arrears payment (76% vs. 68%).
- ❖ Two in five (39%) TANF custodians had support waived to the state. Over half (55%) of those custodians' cases had a recoupment which reimbursed the state for the cost of TANF benefits.

¹ In federal fiscal year 2020, 5% of collected child support went to offset the program's costs (OCSE, 2020).

to families receiving TANF, giving these families an extra income boost.² Families receiving TANF, in particular, face tough economic conditions: in the year before coming onto the program, TANF families in Maryland had median annual earnings of \$8,164 (Smith & Passarella, 2022). As an important resource for the many children with separated parents, who are often lower income and may receive safety net resources, it is important to understand the case characteristics of custodians in the public support program. Furthermore, understanding the characteristics of TANF-recipient custodians compared to custodians who have not received TANF is important to explore, since TANF recipients are required to participate in the public child support program and represent a distinctly economically disadvantaged group.

Specifically, this report answers the following questions about these two groups of custodians:

- 1) What are the characteristics of custodians, including their employment history?
- 2) What percentage of custodians are owed current support, how much are they owed, and what percentage received a payment?
- 3) What percentage of custodians are owed arrears, what are those balances, and what percentage received a payment?
- 4) What percentage of custodians had a payment recouped by the state?

Since many families rely on the public child support program as a way to secure reliable additional income, it is important to have a sense of the program's participants. Information from the analyses can be used to improve the experiences of families within the program. Pass-through, for instance, represents one such

adaptation—providing previously unavailable income to the state's TANF custodians. All analyses and insights potentially gleaned from this report are intended to improve the economic security and overall well-being of children within the program's purview.

Data & Sample

Data

Data comes from the Child Support Enforcement System (CSES), the Client Automated Resources and Eligibility System (CARES), the Eligibility and Enrollment System (E&E), and the Maryland Automated Benefits System (MABS). CSES is the administrative data system for the public child support program, and it provides individual- and case-level data on demographics and program participation for individuals receiving public child support services. CARES and E&E are the administrative data systems for TANF and SNAP participation in the state. In April 2021, 10 jurisdictions migrated from CARES to E&E, and all jurisdictions migrated to E&E by November 2021. The MABS system includes data from all employers covered by the state's Unemployment Insurance (UI) law and the Unemployment Compensation for Federal Employees (UCFE) program. Together, these account for approximately 91% of all Maryland civilian employment.

There are several limitations to MABS data. Data is reported on a quarterly basis, which means it is not possible to calculate weekly or monthly employment and earnings. Also, MABS does not contain data on certain types of employment, such as self-employment, independent contractors, and informal employment. Finally, MABS has no information

² In July 2019, Maryland began a child support pass-through policy that allowed active TANF families to receive a portion of paid current child support (S.B.1009, 2017).

on employment outside Maryland, and out-of-state employment is high in Maryland (16.0%) compared to the national average (3.6%) (U.S. Census Bureau, n.d.). As a result, we may be understating employment and some earnings.

Sample

Custodial parents are biological or adopted parents who are the primary caregivers of their children. Custodians, on the other hand, include adults other than parents who are the primary caregivers of children, such as grandparents. The primary caregiver, whether a custodial parent or a custodian, is owed child support once a support order has been established.

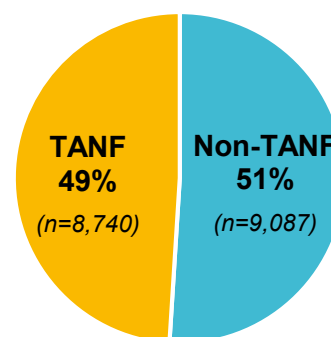
In this report, custodial parents and custodians are not distinguished from one another; rather, the entire sample of primary caregivers is examined. We refer to these caregivers as custodians. This is different from federal Census data, which only collects information on custodial parents (Sorenson, 2021).

The sample selected for this report was drawn from a random sample of custodians in Maryland's public child support caseload who had active cases in July 2021. The sample was stratified by jurisdiction with a 95% confidence interval and a 3% margin of error. This means that smaller jurisdictions were over-sampled compared to their percentage of the custodian population, and larger jurisdictions were under-sampled compared to their percentage of the custodian population. Once custodians were sampled into a jurisdiction, they could not be sampled into another jurisdiction, even if they had cases in multiple jurisdictions.

³ The findings from this report are not comparable to the prior report on custodians: [Maryland's Child Support Caseload: A Profile of Custodians, 2018](#). The identification of TANF status differed between the two reports. In the

Weights were used to ensure that statewide analyses represent the accurate proportion of each jurisdiction's custodian caseload. The final weighted sample was 17,827 unique custodians, which was 12% of all custodians with an active child support case in Maryland in July 2021 (n=153,792). The sample was further split into custodians who have received TANF in Maryland at some point between April 1998 and June 2021 and custodians who have never received TANF. As Figure 1 shows, about half of custodians in the sample received TANF (n=8,740) and half had not (n=9,087).³

Figure 1: TANF Participation



TANF custodians: current or former TANF recipients between 1998 and 2021 in Maryland

Non-TANF custodians: custodians who have never received TANF in Maryland

Data Analysis

This report utilizes descriptive and inferential statistics to describe characteristics of custodians. Descriptive statistics include such measures like mean and median. In some analyses, the median is used instead of the mean because of outliers in the data. Inferential analyses include an Analysis of Variance (ANOVA) test and chi-square test of independence.

2018 report, only administrative records from CARES were used to determine TANF status while this report used administrative records from CARES, E&E, and CSES.

Custodian Demographics & Case Characteristics

Knowing the demographic characteristics of custodians in Maryland allows lawmakers and child support professionals to understand the attributes and potential needs of the families they serve. As Table 1 shows, custodians in the public child support program were most likely to be female (96%), Black (64%), and between the ages of 30 to 39 (41%), with a median age of 35. Compared to non-TANF custodians, those who have previously received TANF were slightly more likely to be female (98% vs. 94%) and were also more likely to be Black (74% vs. 52%). Non-TANF custodians were more likely to be white or Latinx than their TANF custodian counterparts (37% and 9% vs. 22% and 2%). TANF custodians were also about three years younger than non-TANF custodians, with a median age of 34. Such findings—that TANF custodians were most likely to be female, Black, and in their lower 30’s—are similar to findings of adult recipients in Maryland’s TANF caseload (Smith & Passarella, 2022).

While demographic characteristics help provide general information to policy makers regarding who the public child support program serves, employment and earnings provides information about the financial resources custodians have to support their children. The support establishment process uses earnings of both parents to determine the support order amount and are indicative of parents’ resources to provide for their children. As Figure 2 shows, 53% of all custodians in the sample were employed in the year prior to July 2021, and custodians had median annual earnings of \$29,789. The employment rate of custodians was similar by TANF status: 54% of TANF custodians worked in the prior year as did 51% of non-TANF custodians.

Table 1: Demographic Characteristics of Custodians, July 2021

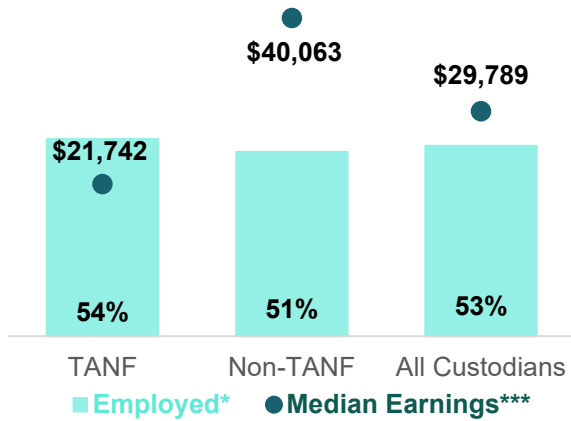
| | TANF (n=8,740) | Non-TANF (n=9,087) | All Custodians (n=17,827) |
|------------------|-------------------|-----------------------|------------------------------|
| Gender*** | | | |
| Female | 98% | 94% | 96% |
| Male | 2% | 6% | 4% |
| Race*** | | | |
| Black | 74% | 52% | 64% |
| White | 22% | 37% | 29% |
| Latinx | 2% | 9% | 5% |
| Other | 1% | 2% | 2% |
| Age*** | | | |
| Younger than 20 | 3% | 1% | 2% |
| 20 to 29 | 29% | 19% | 24% |
| 30 to 39 | 40% | 41% | 41% |
| 40 and older | 28% | 39% | 33% |
| Average*** | 36 | 38 | 37 |
| Median*** | 34 | 37 | 35 |

Note: Total percentages may not sum to 100% due to rounding. Valid percentages are shown. *p<.05, **p<.01, ***p<.001.

Although employment rates were similar, earnings were very different. TANF custodians had median annual earnings of \$21,742 in the prior year. Non-TANF custodians earned twice that of TANF custodians, with median annual earnings of \$40,063. There are two reasons for low earnings among TANF custodians. For one, custodians may have been receiving TANF between the July 2020 and June 2021 and would have had little to no earnings in order to qualify for TANF. Second, even if a custodian was not receiving TANF in the prior year, studies have found that they typically work in low wage industries after receipt. Often, TANF leavers find work in industries that pay low wages and do not offer consistent 40-hour work weeks (Safawi & Pavetti, 2020; Hall & Passarella, 2021).

Figure 2: Employment and Earnings of Custodians

July 2020 - June 2021



Note: *Median Earnings* include custodians who were employed at any point in the prior year (n=9,208). *p<.05, **p<.01, ***p<.001.

Further highlighting the financial differences between TANF and non-TANF custodians is SNAP participation. Between July 2020 and June 2021, three in four (73%) TANF custodians participated in SNAP compared to roughly three in 10 (27%) non-TANF custodians. The differences in SNAP receipt indicate that non-TANF custodians are, on the whole, less financially constrained than custodians in the TANF group.

A much higher percentage of TANF custodians (73%) participated in SNAP between July 2020 and June 2021 compared to non-TANF custodians (27%).

Despite the higher earnings of non-TANF custodians and the smaller rates of SNAP participation, both sets of earnings were relatively low considering the high cost of living in Maryland (Missouri Economic Research & Information Center, n.d.). The high cost of living in the state means that both groups of custodians, but TANF custodians in particular,

need the resources of child support to help provide for their children. This is especially true for custodians living below the poverty line, since the additional income from child support has been shown to help lift children out of poverty (Fox & Burns, 2021).

In conjunction with custodian demographics, an examination of case characteristics also provides insight into the differences among custodians in the public child support program. Table 2 is a snapshot of case characteristics from July 2021. Nearly one in five (18%) custodians had no participating children on their cases. Those without participating children were either custodians with arrears-only cases in which the child is emancipated but past-due support is still owed, or custodians with cases in which support has yet to be established. Half (51%) of all custodians had one participating child and one in five (21%) had two participating children. The remaining 10% of custodians had three or more children. Custodians in the TANF group were more likely to have two or more participating children than non-TANF custodians. One in four (24%) TANF custodians had two participating children and 15% had three or more. Comparatively, only one in five (18%) non-TANF custodians had two or more participating children and 5% had three or more.

The majority (81%) of all custodians had one child support case, and one in six (16%) custodians had two cases. Custodians with three or more cases were rare, accounting for only 3% of the overall sample. TANF custodians were more likely to have two or more cases than non-TANF custodians. Of TANF custodians, 70% had one child support case, 25% had two cases, and a small percentage (6%) had three or more support cases. In the non-TANF group, 92% of custodians had one child support case and only 7% had two cases. No custodians in the non-TANF group had three or more cases.

While the breakdown of case characteristics hints at differences among custodians in the child support program, it also demonstrates the different needs and structure of TANF families. More children combined with more cases may mean that TANF-recipient families need more targeted services compared to the non-TANF families (Kulldorff & Bhattacharya, 2021). This problem is further compounded by the lower earnings of TANF custodians.

Table 2: Custodians' Case Characteristics
July 2021

| | TANF (n=8,740) | Non-TANF (n=9,087) | All Custodians (n=17,827) |
|----------------------------------|-------------------|-----------------------|---------------------------------|
| Participating Children*** | | | |
| 0 | 15% | 21% | 18% |
| 1 | 46% | 56% | 51% |
| 2 | 24% | 18% | 21% |
| 3+ | 15% | 5% | 10% |
| Cases as a Custodian*** | | | |
| 1 | 70% | 92% | 81% |
| 2 | 25% | 7% | 16% |
| 3+ | 6% | 0% | 3% |

Note: Participating children include active members of the child support case. Total percentages may not sum to 100% due to rounding. *p<.05, **p<.01, ***p<.001.

Total Current Support & Arrears Owed to Custodians

Current child support orders are monthly obligations established by the court and currently due to custodians to ensure that children's financial needs are met. Not only do support orders serve as a source of established, additional income, but when payments are made, they can have an impact on custodial families beyond just the dollar amount of the payment, such as increasing custodians'

participation in the labor market (Cancian & Meyer, 2014; Sorenson, 2016). However, if parents who owe support miss current support payments, those missed payments become past-due support, which are called arrears. While relatively straight forward in theory, in practice, custodians can be owed both current support and arrears simultaneously.

Figure 3 provides insight into the type of support owed to custodians in the prior year (July 2020 through June 2021). As the figure shows, 19% of all custodians were only owed arrears and 21% were owed only current support. Over two in five (42%) were owed both arrears and current support. By combining the arrears only category with the category of custodians who were owed both arrears and current support, Figure 3 shows three in five (61%) custodians had arrears due to them in the prior year. Similarly, roughly two in three (63%) custodians were owed current support during that year.

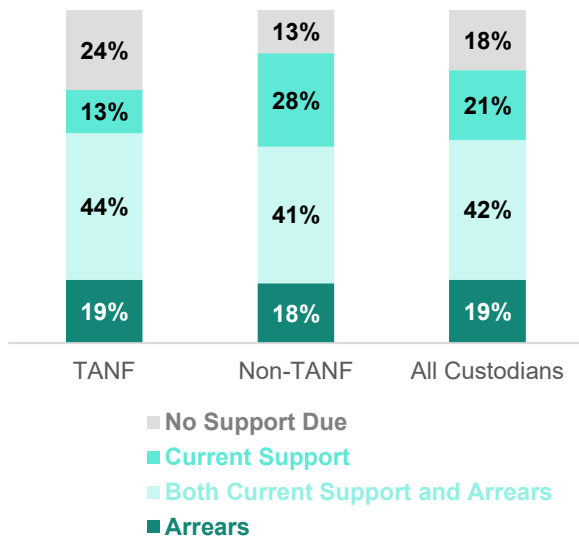
Not all families with a child support case, however, have support owed to them. In the prior year, one in five (18%) custodians had no support owed to them. Custodians may not have a support order (and therefore no support owed to them) for several reasons, including: (a) the custodian is in the process of establishing the support order, (b) a parent cannot be located, (c) the custodial parent has informal agreements for support with the other parent, and (d) general non-cooperation with the support process (Waller & Plotnick, 2001; Huang & Pouncy, 2005; Nepomnyaschy & Garfinkel, 2010; Roff & Lugo-Gil, 2012; Kane et al., 2015).

Not having a support order was more pronounced among TANF custodians. Figure 3 shows that one quarter (24%) of TANF custodians were owed no support compared to only 13% of non-TANF custodians. Most likely, part of this difference was attributable to the fact

that TANF custodians must establish a child support case in order to receive TANF while those in the non-TANF group could choose whether or not they wanted to establish a support case. Many of these child support cases that do not have a support order established eventually closed, meaning these custodians never receive child support (Demyan & Passarella, 2017).

When support was owed, Figure 3 shows that 19% of TANF custodians were owed arrears only, 13% were owed only current support and 44% were owed both. In the non-TANF group, 18% of custodians were owed arrears only, 28% were owed current support only, and 41% were owed both. This means that three in five (59%) non-TANF custodians were owed arrears, which is similar to TANF custodians (63%). However, 69% of non-TANF custodians were owed current support, which is 12 percentage points higher than TANF custodians (57%). This difference was largely due to the small percentage of TANF custodians who were owed only current support and the higher percentage who did not have any support owed to them.

Figure 3: Types of Support Owed to the Custodian, July 2020 - June 2021



*p<.05, **p<.01, ***p<.001

Total Current Support & Arrears Received by Custodians

When support orders were established, however, custodians frequently received payments. Figure 4 shows the percentage of custodians expecting a support payment who received a payment in the prior year. These payments could be for current support, arrears, or both. Of all custodians owed either current support or arrears, four in five (79%) received a payment between July 2020 and June 2021. On average, these payments provided families an additional \$5,154 in income.

Custodians were likely to receive some form of support payment regardless of TANF status. Four in five (80%) custodians in the TANF group and 77% in the non-TANF group received a support payment. The percentage of TANF custodians who received a payment was slightly higher than non-TANF custodians due to Maryland’s pass-through policy which allows current TANF recipients to receive a portion of their current child support payments instead of the state recouping the total payment for reimbursement of TANF benefits. Without the bump of pass-through, the TANF group had the same percentage of custodians receiving payments as the non-TANF group.

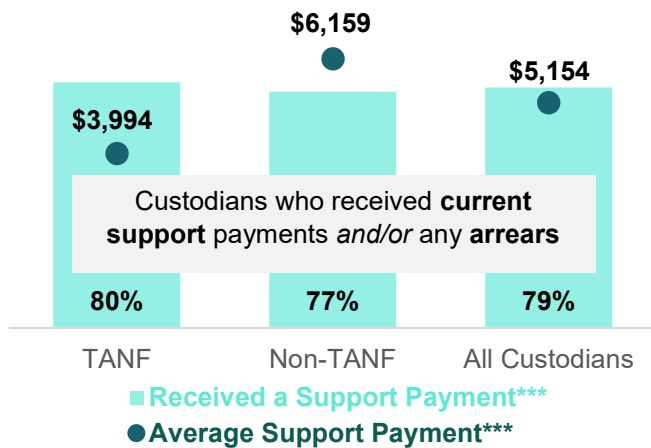
Although not shown in Figure 4, pass-through increased the percentage of TANF custodians who received a payment from 77% to 80%

There was, however, a large difference in the amounts received by TANF and non-TANF custodians. As Figure 4 shows, non-TANF custodians received an average of \$6,159 in current support and arrears payments. Comparatively, TANF custodians received an average of \$3,994, which is 35% less than the

non-TANF group. While this difference is stark, there were contributing factors as to why TANF custodians might receive less. For one, most TANF recipients, past or current, have relatively low incomes and often have little to no financial resources. The parent who owes support often has limited resources as well (Cancian & Meyer, 2004). Since support order amounts are determined by parents' combined incomes, parents with low incomes will have lower support order amounts and therefore lower support payments compared to non-TANF custodians. Secondly, custodians actively receiving TANF are impacted by pass-through, because they can only receive a maximum payment of \$100 or \$200 in passed through child support (depending on the number of children).

Regardless of differences in amount, however, child support payments help increase custodian income. For both TANF and non-TANF custodians, child support payments represented a substantial amount: between 15% and 20% of median earnings. Even with participation in safety net programs, many custodians would deeply struggle without the income provided by child support (Sorenson, 2016).

Figure 4: Custodians who Received a Current Support or Arrears Payment
Among custodians owed current support or arrears, July 2020 - June 2021

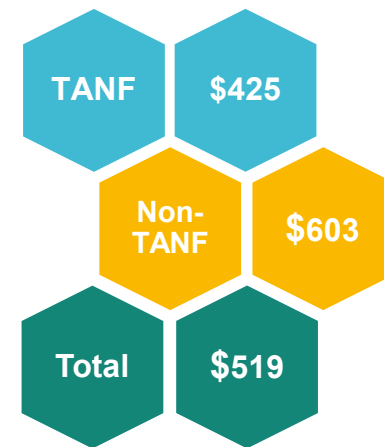


*p<.05, **p<.01, ***p<.001

Current Support Owed to and Received by Custodians

Although discussed briefly in Figure 3, this next section focuses exclusively on current support *owed to* and *received by* custodians between July 2020 and June 2021. Receipt of child support is associated with many positive outcomes for children, with the most important impact being increased financial stability (Sorenson, 2016). Examining monthly support amounts provides insight into the additional income custodians should receive frequently to help support their children. As shown in Figure 5, custodians were owed an average of \$519 per month in current support in July 2021. Custodians in the TANF group were owed an average of \$425 per month in current support. Non-TANF custodians, comparatively, were owed an average of \$603.

Figure 5: Average Monthly Current Support Amount
Among custodians owed current support in July 2021***



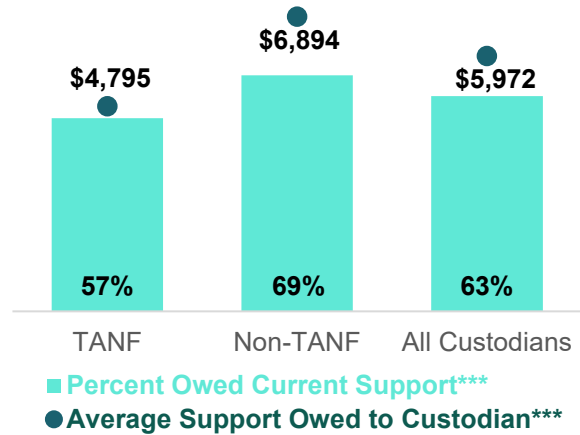
*p<.05, **p<.01, ***p<.001.

These support orders are monthly amounts owed to custodians, but this next analysis explores how much is owed over an entire year. As Figure 6 shows, nearly two thirds (63%) of custodians were owed current support in the prior year. On average, custodians were owed \$5,972 over the course of the year.

TANF custodians were less likely to have current support owed to them. As demonstrated in Figure 6, 57% of TANF custodians were owed current support between July 2020 and June 2021 whereas 69% of non-TANF families were owed current support. As mentioned previously, there may be several reasons for this difference. For one, they may be in the process of establishing an order. Alternatively, they also may have elected not to cooperate with the mandated process, faced other procedural difficulties, or decided not to pursue an order after leaving the TANF program. In fact, nearly three in four (73%) TANF custodians had an open child support case in their first year after leaving the TANF program, but only 35% had a current support order (Hall & Passarella, 2021).

TANF custodians who were owed current support were often owed less than non-TANF custodians. This was shown in the monthly average amount owed in Figure 5 and was evident in the annual obligation as well. TANF custodians were owed an average of \$4,795 in current support, while non-TANF families were owed an average of \$6,894. However, this difference was, again, in line with the income and resource limitations experienced by TANF custodians and their co-parents (Hall & Passarella, 2021; Smith & Passarella, 2022).

Figure 6: Current Support Owed to Custodians
July 2020 - June 2021

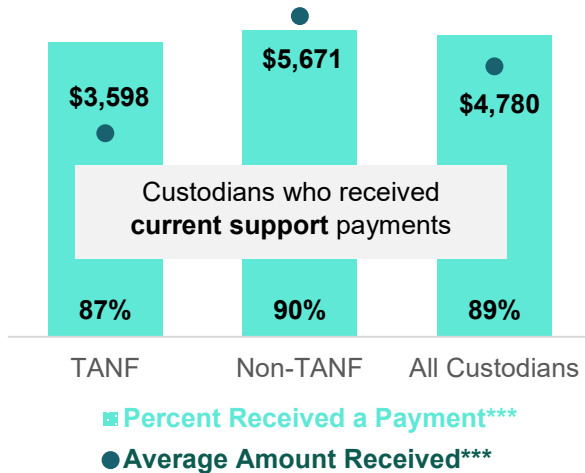


*p<.05, **p<.01, ***p<.001.

Most custodians who were owed current support between July 2020 and June 2021 received current support payments, as shown in Figure 7. In total, the majority (89%) of custodians received a current support payment, and the average annual payment was \$4,780. For TANF custodians, 87% received a current support payment, which is only slightly lower than the percentage of the non-TANF group (90%). Total average support received by TANF custodians, however, was lower than non-TANF custodians. This was expected given that current support obligations were also less for TANF families. As Figure 7 shows, the average amount of current support received by TANF custodians was \$3,598 compared to \$5,671 for non-TANF custodians.

Figure 7: Custodians Receiving Current Support Payments

Among custodians owed current support
July 2020 - June 2021

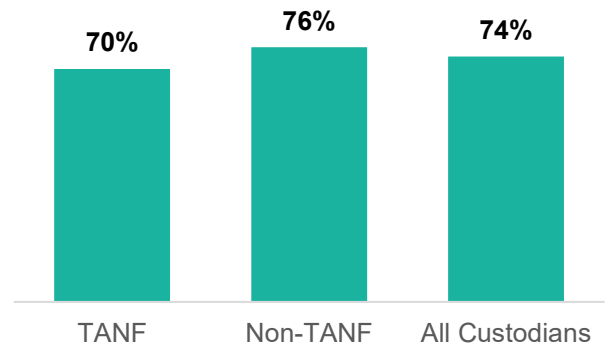


*p<.05, **p<.01, ***p<.001.

The current support payments that custodians receive during the year do not always result in a fully paid obligation, but this final analysis on current support shows that custodians who received payments received a large percentage of what was owed to them. As shown in Figure 8, custodians received an average of 74% of the current support obligation that was owed to them in the prior year. Non-TANF custodians received a higher percentage of what was owed to them compared to TANF custodians (76% vs. 70%), but they both received the majority of their current support obligation.

Figure 8: Average Percent of Current Support Obligation Received by Custodians***

Among custodians with a payment
July 2020 - June 2021



*p<.05, **p<.01, ***p<.001.

Additionally, 60% of TANF custodians *regularly* received a support payment throughout the year as did 67% of non-TANF custodians. A regular payment means that a custodian received a payment in at least 75% of the months in which a payment was due. These analyses suggest that child support was a source of income which custodians could rely upon. However, when a parent who owes support is unable to make a current support payment, or can only make a partial payment, that current support obligation becomes arrears, which is discussed further in the next section.

60% of TANF custodians and 67% of non-TANF custodians received *regular payments* throughout the year.

Regular payments: custodians received payments in at least 75% of the months in which payments were owed.

Arrears Owed to and Received by Custodians and the State

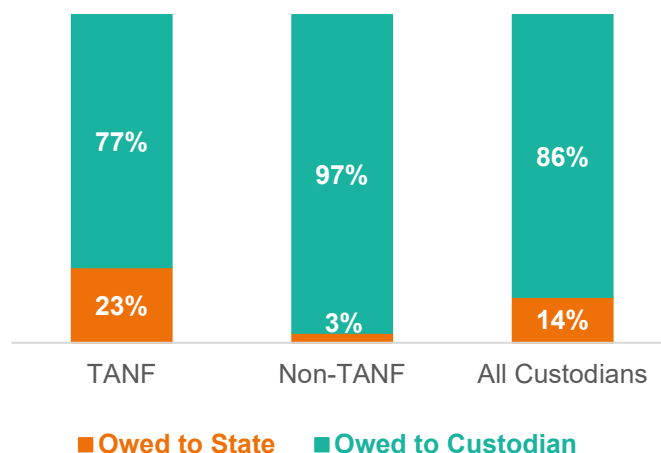
Parents may owe arrears because they missed a payment or were unable to make a full payment. They also might owe arrears because they were incarcerated or they owe past-due support from the months between the date in which the request for support was filed to when it was established. As of 2021, parents who owed support in the Maryland public child support program owed more than \$1.3 billion dollars in arrears (OCSE, 2022).

Arrears may be owed to the custodian, the state, or both, but most of the arrears balance in Maryland are owed to custodians (Passarella, 2020). As Figure 9 details, in July 2021, 86% of all arrears balances were owed to custodians. Among the TANF group, more than three fourths (77%) of arrears were owed to custodians. In comparison, nearly all (97%) arrears were owed to custodians in the non-TANF group.

Arrears that were not owed to custodians were owed to the state. In total, 14% of the arrears balance was owed to the state. The TANF group, however, owed nearly one quarter (23%) of arrears to the state compared to 3% for the non-TANF group. This difference between the TANF and non-TANF groups was expected because any custodian participating in the TANF program must sign over their child support to the state for the months in which they are receiving TANF benefits. If current support payments were not made during those months, then that amount becomes arrears owed to the state. Since custodians in the non-TANF group are not required to sign their rights to child support over to the state, almost all arrears were owed to custodians with a few exceptions.⁴

⁴ Arrears in the non-TANF group might be owed to the state in some foster-care instances or for months in which a custodian received TANF benefits from another state.

Figure 9: Average Percent of Arrears Owed to Custodians or the State
July 2021***



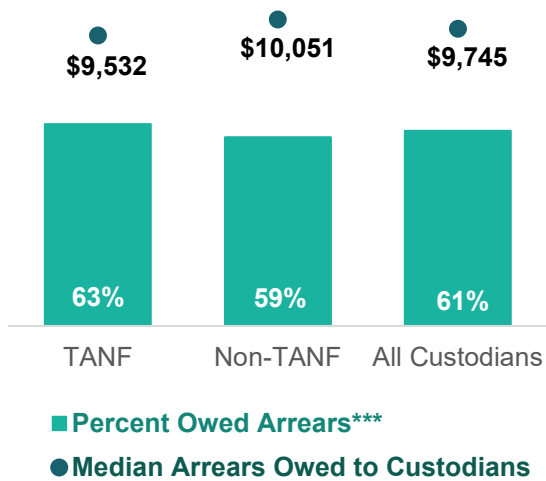
*p<.05, **p<.01, ***p<.001.

Aside from required payments not being made, arrears also have a largely negative impact on families. For one, the presence of arrears is correlated with higher rates of anxiety and depression in the children of the parent who owes support (Nepomnyaschy et al., 2021). Arrears are also associated with non-residential fathers having less involvement in the lives of their children and a decrease in instances of in-kind support as children age (Turner & Waller, 2017). Furthermore, those who owe arrears are more likely to work less than those who do not owe arrears, are subject to legal enforcement actions (e.g., driver's license suspensions), and are less likely to comply with future child support obligations (Miller & Mincy, 2012; Kim et al., 2015).

Since arrears have important implications, the next two analyses explore arrears owed to custodians. The arrears balance is a snapshot of the total amount of arrears owed over the lifetime of a child support case minus any

payments to that balance. Figure 10 shows that of all custodians in the public child support program in July 2021, three in five (61%) were owed arrears. The median arrears amount owed to custodians was \$9,745. A larger portion of TANF custodians had arrears owed to them than non-TANF custodians (63% vs. 59%). Both TANF and non-TANF custodians owed about \$10,000 in arrears. The median arrears balance for TANF custodians was \$9,532 and \$10,051 for non-TANF custodians.

Figure 10: Arrears Owed to Custodians
July 2021

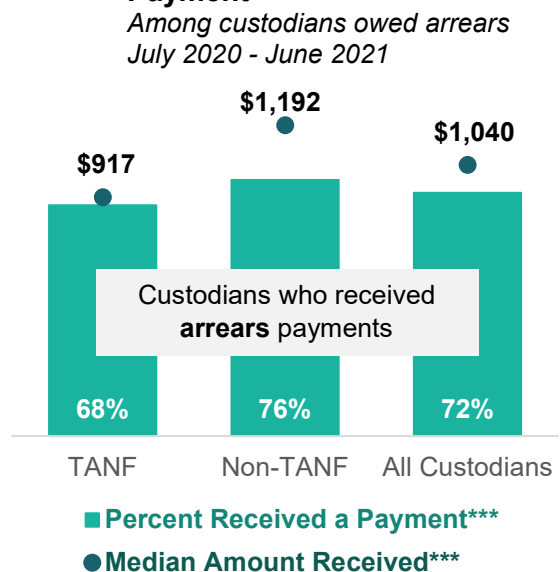


*p<.05, **p<.01, ***p<.001.

Of custodians who were owed arrears, many received a payment during the previous year. As Figure 11 shows, about seven in 10 (72%) custodians who were owed arrears as of July 2021 received at least one payment toward that arrears balance within the prior year. Custodians received median annual arrears payments of \$1,040. By group, roughly two thirds (68%) of TANF custodians received an arrears payment and three quarters (76%) of non-TANF custodians received an arrears payment. The median amount received, however, was also a bit less for TANF custodians (\$917 vs. \$1,192). Part of the difference in the receipt of arrears payments between TANF and non-TANF

custodians might be because arrears payments in the TANF group go to the state instead of the custodian. For both groups, however, the presence of arrears means a custodian did not receive a current support payment intended to help with the monthly financial needs of children. This does not necessarily mean that the family did not receive anything from the other parent. In fact, the other parent may provide informal payments or in-kind support (e.g., clothes, diapers, food, etc.) for their children. In-kind support may personally mitigate some of the burden that arrears might otherwise cause for custodians (Ryznar, 2017).

Figure 11: Custodians Receiving an Arrears Payment



*p<.05, **p<.01, ***p<.001.

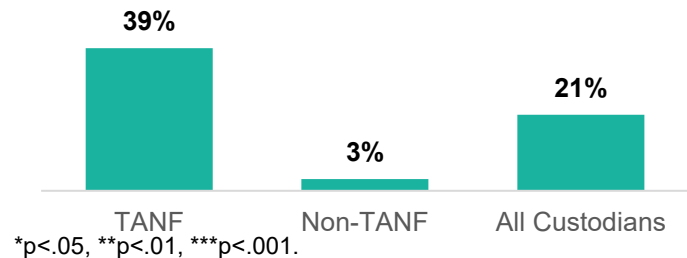
Recoupments by the State

Recoupment is when the state retains a part of a current support payment for a custodian with an active TANF case or an arrears payment for previously received TANF benefits. Although less common, the state also recoups child support payments for foster care services. Support is retained in order to offset the costs of these programs. States often reinvest these recouped child support funds into child support activities such as paternity and support order establishment (Solomon-Fears & Falk, 2007).

While receiving TANF benefits or foster care services, custodians must waive their rights to child support payments to the state.

Figure 12 details the percentage of custodians who had to waive their rights to support payments in the prior year because either the custodian was receiving TANF benefits during that year or had previously received benefits and arrears were owed to the state. Between July 2020 and June 2021, one in five (21%) custodians had waived their rights to either current support or arrears to the state. Because of TANF policy, custodians in the TANF group were more likely to have support waived to the state. Almost two in five (39%) TANF custodians had current support or arrears waived to the state in the past year. Comparatively, only 3% of non-TANF custodians had state-owed support. This was likely due to foster care services or receipt of TANF benefits in a state other than Maryland.

Figure 12: Percent of Custodians who Waived Support to the State
July 2020 - June 2021

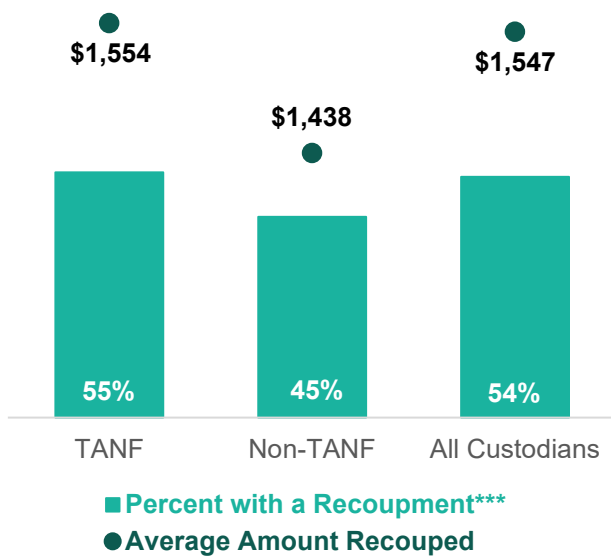


When child support was owed to the state, the state was likely to make a recoupment. Between July 2020 and June 2021, 54% of custodians with cases that waived support to the state had a recoupment (Figure 13). The average amount recouped was \$1,547. Among TANF custodians, the state recouped money from 55% of custodians who had waived some of their support due to the state. The average amount recouped over the year was \$1,554. Among non-TANF custodians who had support waived to the state, 45% had a recoupment, with an average recoupment amount of \$1,438. As noted in Figure 12, however, only a small percentage of non-TANF cases (3%) owed a recoupment in the first place.

The rules about whether the state or a custodian receives arrears payments can be complex. However, with the passage of pass-through in Maryland, current support is always provided to the custodian. The amount provided to custodians varies by their TANF status: those who are not currently receiving TANF receive all current support payments while those currently receiving TANF only receive the \$100 and \$200 thresholds from pass through. This policy aligns with the overall objective of both the child support and TANF programs, which is to ensure that parents receive appropriate financial resources for their children. Additionally,

Maryland encourages payment of current support by offering forgiveness on state-owed arrears to parents with arrears who make at least one year of continuous, on-time current support payments (Child Support Administration, n.d.). Reduction in arrears debt may be beneficial to the relationship between the parent who owes support and their non-resident child(ren), especially in terms of involvement in the daily activities of a child’s life (Turner & Waller, 2017).

Figure 13: Current Support or Arrears Recouped by the State
Among Custodians with State-Owed Support, July 2020 - June 2021



*p<.05, **p<.01, ***p<.001.

Conclusions

The public child support program distributes financial resources from the parent who owes support to the child’s custodian through the establishment of a child support order. Any family can elect to participate in the program, regardless of income or family size. TANF custodians, however, *must* cooperate with the public child support program. Because TANF custodians must participate in the program, and non-TANF custodians largely participate voluntarily, it is important to examine differences in outcomes between each group. Additionally, TANF-recipient custodians, whether current or previous TANF recipients, are financially vulnerable and resources, such as child support, are important income supplements (Hall & Passarella, 2021; Smith & Passarella, 2022). Differences in child support outcomes between the groups may also indicate variation in the child support experiences between TANF and non-TANF custodians. These outcomes can help inform policy makers on how to best support these families.

This report found several differences between TANF and non-TANF custodians. About half of custodians, whether they were TANF or non-TANF custodians, were employed between July 2020 and June 2021. TANF custodians, however, earned about half the income of non-TANF custodians (\$21,742 vs. \$40,063), highlighting the financial vulnerability of the TANF group. Generally, custodians had one to two children (72%) on their cases, but TANF custodians were more likely to have three or more children compared to non-TANF custodians (15% vs. 5%). Additionally, TANF custodians were more likely to have more than one child support case compared to non-TANF custodians (31% vs. 7%). Overall, differences in case characteristics imply that TANF custodians often have to support more children with less

income. Moreover, multiple child support cases mean that TANF custodians often have to juggle more administrative tasks in order to establish and maintain their support orders.

There were also differences in child support distribution. Nearly two in three (63%) custodians were owed current support and 61% were owed arrears. However, TANF custodians were less likely to have current support due to them compared to non-TANF custodians (57% vs. 69%) but were slightly more likely to be owed arrears (63% vs. 59%). This disparity means TANF custodians were owed less current support but owed more support that had yet to be paid. A large piece of the disparity in current support is the fact that more TANF custodians have an open child support case but no support order. There are a few reasons TANF custodians might have a child support case but no support order, including exiting the TANF program before a support order could be established or troubles with the administrative processes (Hall & Passarella, 2021). However, TANF custodians were slightly more likely to receive at least one current support or arrears payment compared to non-TANF custodians (80% vs 77%). This boost in received payments is due to the state's pass-through policy.

TANF custodians, however, averaged lower payment amounts compared to non-TANF custodians (\$3,994 vs. \$6,159). Given that TANF recipients and the parents who owe them support are often both economically disadvantaged and that support orders are derived from income, it is reasonable that TANF custodians received a lower amount than non-TANF custodians (Cancian & Meyer, 2004). This also means getting as many resources as possible to these families is important.

One way to connect TANF families to more financial resources is through the adoption of a

pass-through policy. For instance, in the month after Maryland implemented its pass-through policy, the percentage of TANF custodians that received a portion of current support payments grew from 30% to 53% (Passarella & Hall, 2021). Furthermore, custodians with an active TANF case gained, on average, an additional \$132 per month as a result of the policy (Smith & Hall, 2021). While pass-through only applies to custodians with an active TANF case, other recent policies, meant to support families through the COVID-19 pandemic, such as economic stimulus payments and the child tax credit, boosted resources for TANF and non-TANF custodians alike (Schott, 2020; Hamilton et al., 2022). For example, some custodians received multiple economic stimulus payments: some received stimulus payments for themselves and their children, and some also received stimulus payments that were intercepted from the parent who owes support and redirected to custodians and children (Demyan & Passarella, 2021). Similarly, the child tax credit provided eligible families a tax refund that lifted a record 3.7 million children out of poverty (Hamilton et al, 2022).

Although the COVID-19 measures were temporary, collectively, they hint at the importance of supplemental income to aid parents. Given the low earnings of families in both the TANF and non-TANF groups, even a small increase in income is important for the ability of parents to provide for their children (Fox & Burns, 2021). Policies to increase the income or financial resources of custodians in the public child support program can help the many low-income families utilizing its resources. Whether policies assist parents in keeping up with payments, provide additional incentives for parents to make payments, or provide custodians with additional resources, as in the case of pass-through, every dollar to custodians in the public child support program counts.

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