July 2018

Maryland's Child Support Caseload:
Examining Obligors Who Owed Support in July 2017

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The Maryland Child Support Administration collected just under $530 million in 2017 on behalf of families and obtained almost 70% of all current child support obligations (OCSE, 2018a). These child support payments are very important to custodial families. In fact, receipt of this income can boost an average family's income by 16% (OCSE, 2014). Families living poverty can see their incomes rise by as much as 52%. However, this benefit is entirely dependent upon payments made by obligors who are responsible for child support obligations.

Obligors' ability to pay support is determined by their incomes. Previous analyses found that obligors who paid a small percentage of their obligation earned less than $3,500 during that year, but those who paid their entire obligation earned about $40,000 (Hall, Passarella, & Born, 2014). While there are individuals who choose not pay their obligations, there is an abundance[i] of research pointing to obligor income as the main culprit in non-payment. In general, employed obligors pay about 20% of their income toward child support (Hall et al., 2014; Eldred & Takayesu, 2011).

Given the diversity of obligor incomes, it is important to understand who is served by the public child support program in order to tailor policies appropriately. This report, which is part of an annual series that examines Maryland's child support caseload, focuses on obligors who had a child support case in July 2017. The report describes the characteristics of obligors and their child support cases as well as their employment and earnings. We also compare obligors earning the full-time minimum wage rate or less with those earning the Maryland living wage in order to examine each group's ability to pay their obligations.

With this information, program managers and policymakers are better equipped to make decisions that target the needs of specific obligors. For example, suspension of a driver's license may be an appropriate enforcement tool among non-paying obligors with the ability to pay their obligations, but it may be more effective to refer unemployed non-paying obligors to employment programs in order to improve their ability to pay. Likewise, basing support order amounts on actual earnings during the establishment process may improve compliance.

REPORT HIGHLIGHTS

❖ Obligors are African American (67%) men (92%) in their early 40s.

❖ One quarter have multiple child support cases, and half owe support to multiple children.

❖ Two in three obligors worked in the prior year. Among the employed, 43% earned full-time minimum wage or less and 40% earned a living wage.

❖ During the prior year, the current support collection rate was 67% but was only 45% among lower-income obligors and 90% among those with a living wage.

❖ Current support orders represented 34% of earnings, but obligors paid 20% of their earnings to child support.

❖ For lower-income obligors, orders were 61% of earnings, and they paid 31% of their earnings to child support. For those earning a living wage, orders were 14% of earnings, and they paid 12%.

❖ About 60% of obligors owed arrears with a median balance of about $10,000. Almost 75% made at least one arrears payment in the prior year.

Data

Data comes from the Child Support Enforcement System (CSES) and the Maryland Automated Benefits System (MABS), which are the administrative data systems for the IV-D program[1] and Unemployment Insurance (UI), respectively. CSES provides individual- and case-level data on demographics and program participation for individuals receiving public child support services. 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; consequently, under-the-table earnings are not included. Finally, MABS has no information on employment outside Maryland, and out-of-state employment is high in Maryland (16.9%) compared to the national average (3.7%) (U.S. Census Bureau, 2017). As a result, we may be understating employment and some earnings.

Due to limitations with MABS data, we estimated employment with CSES data. CSES contains information on how obligors made payments, including whether the payment was made through income withholding.[2] In order to have a payment made by income withholding, an obligor must have a job from which deductions can be made. If an obligor appeared to be unemployed in MABS but a payment was made by income withholding during the same time period, that individual is counted as employed. About 15% of the sample was identified as employed through this method. However, earnings cannot be identified for these individuals.

Sample

The report uses a random sample of obligors with a child support case in July 2017. The sample is stratified by jurisdiction with a 95% confidence interval and a 3% margin of error. Obligors were sampled into a jurisdiction, and once selected, they could not be sampled into another jurisdiction even if they had cases in multiple jurisdictions. This allows us to complete supplementary work that provides a snapshot of obligors in each of Maryland's 24 jurisdictions.

However, this report focuses on statewide findings, so all of an obligor's cases are included in each analysis regardless of the jurisdiction in which the obligor was pulled into the sample. Additionally, appropriate weights are used to ensure that statewide analyses represent the accurate proportion of each jurisdiction's child support caseload. The final weighted sample is 18,317 obligors, which is 11% of all obligors with a child support case in Maryland in July 2017 (N=169,833).

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[1] The public child support program is authorized under Title IV-D of the Social Security Act and is often referred to as the IV-D program.

[2] An income withholding is a deduction from an obligor's earnings to pay child support.

Nationally, child support caseloads have been declining for many years. Over the 10-year period between 2008 and 2017, the number of cases has decreased by 9% (OCSE, 2001-2018). In Maryland, however, the decline has been steeper, at 23% over this same period. The pace has slowed in recent years and is now closer to the national average.

Demographic Characteristics

Even with this caseload decline, the demographic characteristics of obligors have remained stable. In general, obligors are African American (66.7%) men (92.2%) in their early 40s, as shown in Table 1. One quarter (26.1%) of obligors are Caucasian, and less than 10% are some other race. Few (4.8%) obligors are 25 years old or younger, while nearly three in five (36.6%) are between the ages of 36 and 45.

Employment is essential for obligors to comply with their child support obligations, but some obligors may struggle with economic stability. In fact, one quarter (24.7%) of obligors recently received Supplemental Nutrition Assistance Program (SNAP) benefits, pointing to food insecurity among some obligors. Still, many obligors did work during the previous year from July 2016 to June 2017. Two in three (66.1%) obligors were employed at some point during this year, and median annual earnings were just under $23,000.

Table 1. Demographic Characteristics
July 2017
(n=18,317)

Gender	
% Male	92.2%
Race	
African American	66.7%
Caucasian	26.1%
Other	7.2%
Age	
17 - 25 years	4.8%
26 - 35 years	29.5%
36 - 45 years	36.6%
46 - 55 years	21.5%
Older than 55	7.7%
Average [Median]	40.7 [39.8]
SNAP Benefits	
Received in previous year	24.7%
Employment in Previous Year *July 2016 - June 2017*	
Percent Employed	66.1%
Median Earnings	$22,689

Note: Valid percentages shown. Percent employed is based on UI-wage data in Maryland as well as payments made by income withholding; median earnings are only for those with UI-wage data.

Taking a closer look at earnings, however, reveals a large range. Figure 1 examines all obligors who were employed in a Maryland job covered by Unemployment Insurance (UI) during the previous year.[3] Among these employed obligors, just over two in every five (42.9%) earned Maryland's full-time minimum wage or less. Between July 2016 and June 2017, the minimum wage was $8.75 per hour (Maryland Department of Labor, Licensing, and Regulation, n.d.). Individuals working 40 hours at this minimum wage would earn $18,200 annually.
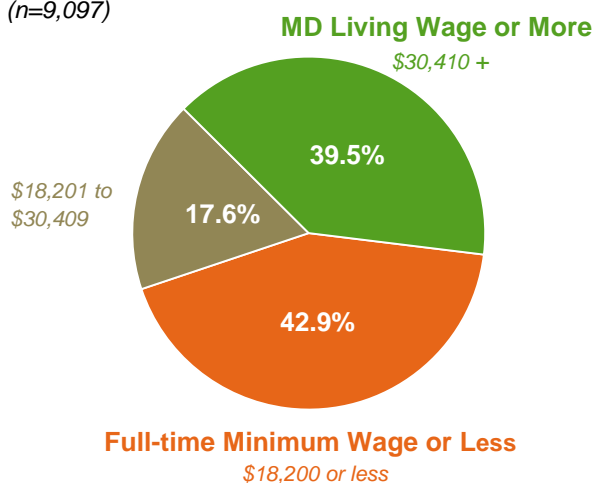
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[3] While 66% of obligors were employed during the previous year, only 50% were employed in a Maryland job covered by UI. Based on child support payments made by income withholding, we were able to identify additional obligors who were employed. However, earnings information is only available for obligors with UI-covered employment.

The Maryland living wage is based on costs for basic needs and for maintaining self-sufficiency (Glasmeier, 2017). In 2017, the living wage for one person was calculated at $14.62 per hour, amounting to $30,410 in annual, full-time earnings. Two in five (39.5%) obligors had earnings equal to Maryland's living wage or higher. Just under one in five (17.6%) obligors had annual earnings between full-time minimum wage and the living wage ($18,201 to $30,409).

Throughout this report, comparisons are made between obligors earning full-time minimum wage or less and those earning the living wage or more. A note of caution about these comparisons, however, is that this is a one-year snapshot of earnings. As such, these earnings may not be consistent over time,[4] and obligors may earn more or less at different points outside of this one-year period. Additionally, these earnings may not capture obligors' total earnings because they do not include earnings from out-of-state employment or self-employment.

Figure 1. Earnings of Employed Obligors
July 2016 to June 2017
(n=9,097)

MD Living Wage or More
$30,410 +

39.5%

$18,201 to $30,409

17.6%

42.9%

Full-time Minimum Wage or Less
$18,200 or less

Although the profile of obligors is consistent over time, their characteristics are diverse when examined by earnings. In general, obligors earning full-time minimum wage or less are slightly more likely to be women and more likely to be African American than obligors earning a living wage. The majority of obligors are men regardless of income, but about 10% of lower-income obligors are women, compared to 4% of those earning a living wage. Similarly, most obligors are African American, but three in four (73.9%) lower-income obligors are African American, compared to three in five (61.4%) higher-income obligors.

Additionally, full-time minimum wage obligors are younger and more likely to receive SNAP benefits than those earning a living wage. About half (48.2%) of full-time minimum wage obligors are 35 years old or younger, while only one quarter (27.4%) of living wage obligors are that age. In fact, 10% of lower-income obligors are 25 years old or younger, but only 2% of higher-income obligors are that young. Given that earnings increase with age, it may not be surprising that obligors with low incomes are younger (BLS, 2017). With lower earnings, then, more full-time minimum wage obligors received SNAP benefits. About half (47.2%) received these benefits in the prior year. With median earnings of only $5,816, these obligors struggled with self-sufficiency, and this would have likely affected their ability to pay their obligations. Higher-income obligors, on the other hand, had median earnings of about $50,000, and only 5% received SNAP benefits in the prior year.
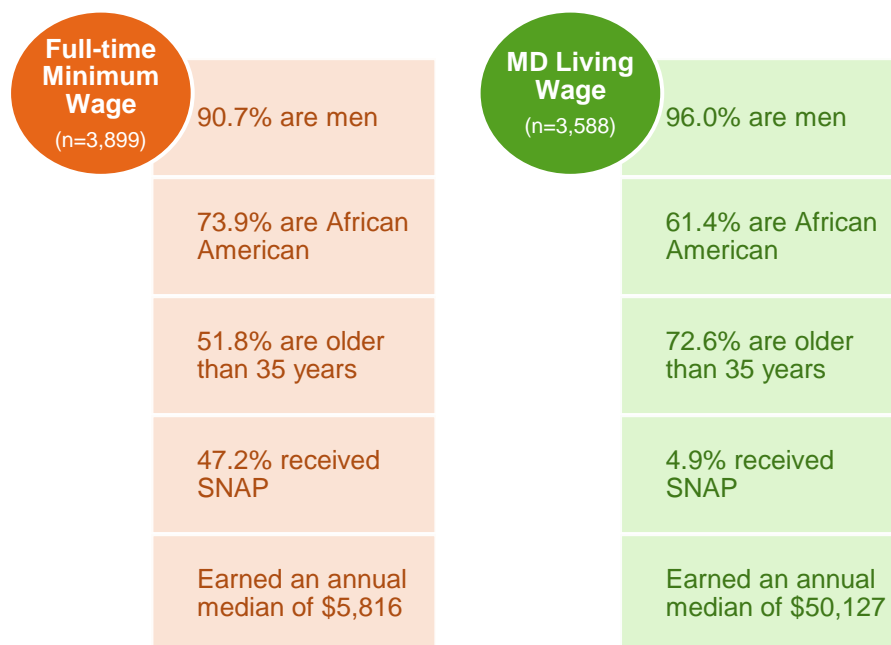
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[4] Most (59%) obligors identified as earning full-time minimum wage or less in this snapshot also earned a similar income in the prior year (July 2015 to June 2016). However, one quarter (24%) were not employed in that year, and 17% had higher earnings in that year. Eight in 10 obligors identified as earning a living wage also earned a similar income in the prior year, while 20% earned less.

Figure 2. Demographic Characteristics of Obligors by Earnings***
July 2017

Full-time Minimum Wage (n=3,899)

90.7% are men

73.9% are African American

51.8% are older than 35 years

47.2% received SNAP

Earned an annual median of $5,816

MD Living Wage (n=3,588)

96.0% are men

61.4% are African American

72.6% are older than 35 years

4.9% received SNAP

Earned an annual median of $50,127

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

Case Characteristics

Similar to demographic characteristics, the profile of child support cases has remained relatively stable over time, despite the declining caseload. Table 2 provides case characteristics for the entire sample, and Figures 3 and 4 provide the characteristics for employed obligors earning full-time minimum wage or less and those earning a living wage.

The majority of obligors have a single child support case. The percentage with a single case has increased by five percentage points since 2008 (from 68% to 73%), while the percentage of obligors with three or more child support cases has declined slightly over this period (from 12% to 9%) (Williamson, Saunders, & Born, 2010). Overall, about one quarter (27.0%) of obligors have multiple child support cases, and similarly, one quarter (25.3%) of obligors earning living wages have multiple

child support cases. Obligors earning lower incomes are more likely to have multiple child support cases. At 37%, obligors who earned full-time minimum wage or less are 12 percentage points more likely to have two or more cases than obligors with higher incomes.

Most obligors owe support for multiple children. Two in five (40.9%) obligors have one child on their cases, which means that some obligors with a single case have multiple children on that case. One quarter (25.4%) of obligors have two children on their cases, and another quarter (26.2%) have three or more children. Obligors earning living wages are similarly likely to have three or more children on their cases (24.8%). However, obligors with lower incomes are more likely to have three or more children on their cases (32.6%), just as they are more likely to have multiple child support cases.

Table 2. Case Characteristics
July 2017
(n=18,317)

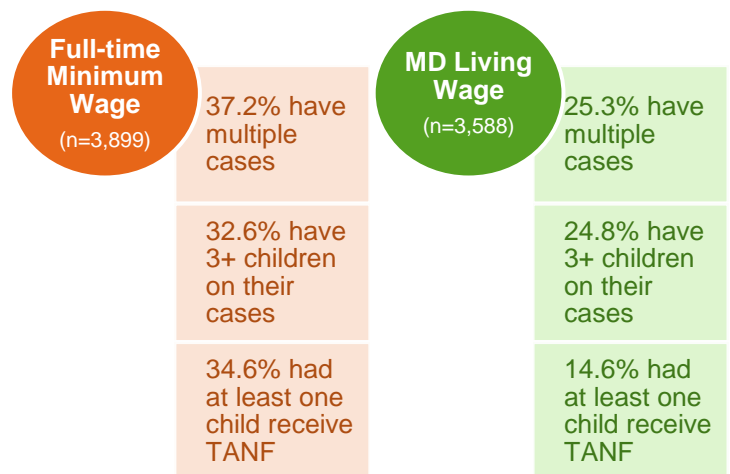| Number of Cases	
1	73.0%
2	18.3%
3 or more	8.7%
Number of Children	
0	7.4%
1	40.9%
2	25.4%
3 or more	26.2%
TANF Receipt	
At least one child received TANF	25.5%

Note: Zero children represent obligors who do not have any children participating on the case. In most instances, this is because the children have reached the age of majority and the obligors only owe arrears.

Some of these children may be in the public child support program because they have received[5] Temporary Assistance for Needy Families (TANF) benefits. When a custodial family receives TANF benefits, they must also begin the process of establishing a child support order, so that the other parent can support the child and reduce the need for TANF benefits. One quarter (25.5%) of obligors have at least one child who received TANF benefits. Receipt of these benefits has implications for child support payments, however. When a custodial family receives TANF benefits, they must assign their rights to child support payments over to the state. This means that payments made by the obligor while the custodial family is receiving TANF benefits are recouped by the state for reimbursement of the TANF benefits. Also, any arrears accrued during this period will be owed to the state instead of the custodial family.[6] Receipt of TANF benefits is much more common among the custodial families of obligors earning full-time minimum wage or less. Just over one in every three (34.6%) of these obligors has at least one child who has received TANF benefits, compared to only 15% among higher-income obligors.

Figure 3. Case Characteristics by Earnings***
July 2017

Full-time Minimum Wage (n=3,899)
- 37.2% have multiple cases
- 32.6% have 3+ children on their cases
- 34.6% had at least one child receive TANF

MD Living Wage (n=3,588)
- 25.3% have multiple cases
- 24.8% have 3+ children on their cases
- 14.6% had at least one child receive TANF

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

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[5] Obligors were identified as having a child who received TANF benefits if the obligor had an open CSES account designated to reimburse the state for public assistance benefits at any point during the previous year.

[6] In Maryland, child support payments will be passed through to families receiving TANF benefits beginning in July 2019. This means that child support payments up to $100 for one child and $200 for two or more children will be provided to families while they are receiving TANF benefits.

In July 2017, the majority of obligors had at least one order for current support or arrears. Arrears orders are obligations for past-due current support, but an obligor can have past-due current support without having an established arrears order to pay that debt on a regular basis. Table 2 shows that two thirds of obligors had an order for current support. Among those with current support orders, half (49.6%) also had arrears orders while 16% had just current support orders. A similar percentage of obligors had orders for past-due support: half (49.6%) had orders for both current support and arrears and another 17% had orders for just their past-due support. Obligors who only had arrears orders were likely responsible for past-due support for children who have reached the age of majority. Lastly, less than one in five (17.1%) obligors did not have a support order in July 2017. Based on prior research, most cases without support orders close within three years, and about one in five will have an order established within three years (Demyan & Passarella, 2017).

Table 3. Type of Child Support Orders
July 2017
(n=18,317)

Type of Child Support Orders	
No orders	17.1%
Arrears orders	17.2%
Current support & arrears orders	49.6%
Current support orders	16.1%

Just as with other case characteristics, the type of order an obligor has varies by earnings. Lower-income obligors were less likely to have an established order for support as 17% did not have a support order, compared to 12% among obligors earning living wages. The majority of

obligors earning full-time minimum wage or less had an order for arrears, however. Fully three in every four (77.4%) lower-income obligors had orders for past-due support with 63% owing both current support and arrears and 15% only owing arrears. In comparison, just over half (54.4%) of higher-income obligors had arrears orders— 47% owed both current support and arrears and only 8% owed just arrears. Obligors earning living wages were much more likely to have only current support orders compared to those earning full-time minimum wage or less (33.6% vs. 6.0%). These differences point to the difficulty that lower-income obligors have in complying with their child support obligations, resulting in debt that will be difficult to reduce or eliminate.

Figure 4. Type of Child Support Orders by Earnings*
July 2017

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

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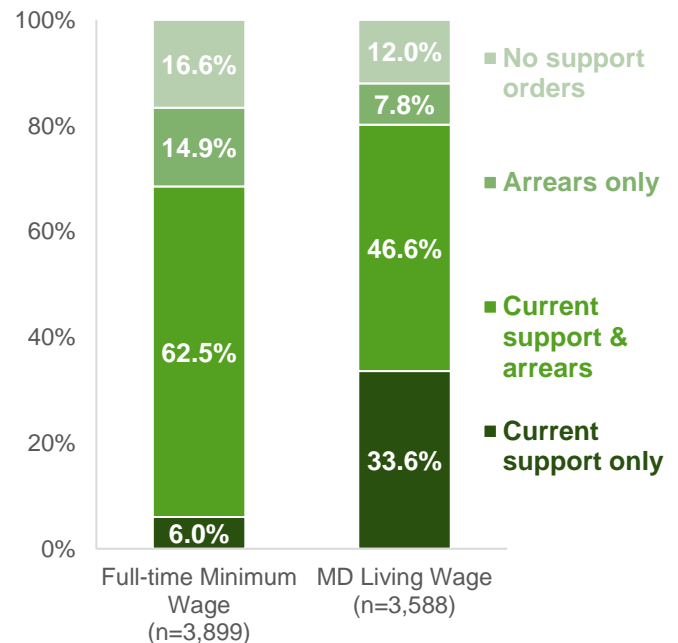
Current Support Obligations

In Maryland, current support order amounts are based on the combined incomes of both parents, which is an Income Shares model. In this model, the incomes of both parents, the number of children, and additional expenses such as childcare and health insurance are considered in determining a total support obligation. The resulting total support obligation is then pro-rated between the parents based on each parent's proportion of the total combined income. The amounts discussed throughout this report are the pro-rated amounts applied to obligors. Table 3 provides information about current support obligations among all obligors in the sample, and Figure 5 presents this information by obligor earnings.

Looking at a single month—July 2017—shows that most obligors had an order for current support. Specifically, two in three (65.7%) obligors had a current support obligation in July 2017, and the average order amount was just over $500 per month. The median amount was $100 less, suggesting that some obligors had very high order amounts.

Table 4. Current Support Obligations

Monthly Current Support July 2017 (n=18,317)	
Percent with an order	65.7%
Average support order amount	$513
Median support order amount	$412
Annual Current Support July 2016 to June 2017 (n=18,147)	
Percent with an order	70.6%
Average annual obligation	$5,766
Median annual obligation	$4,692

When examining the prior year—July 2016 to June 2017—we find that a slightly higher percentage of obligors had current support obligations, but there are differences by obligor earnings. Among all obligors, seven in 10 (70.6%) had an order for current support in the previous year with an average annual obligation of about $5,800. Higher-income obligors were 12 percentage points more likely to have a current support obligation in the prior year compared to lower-income obligors (85.3% vs. 72.9%), and their annual obligations were $3,000 higher than those of lower-income obligors ($7,542 vs. $4,529). Given that order amounts are based on income, it is not surprising that those earning a living wage had larger obligation amounts than those earning full-time minimum wage or less.

Figure 5. Annual Current Support Obligations by Earnings***
July 2016 to June 2017

■ **Percent with support due**
△ **Average annual amount due**
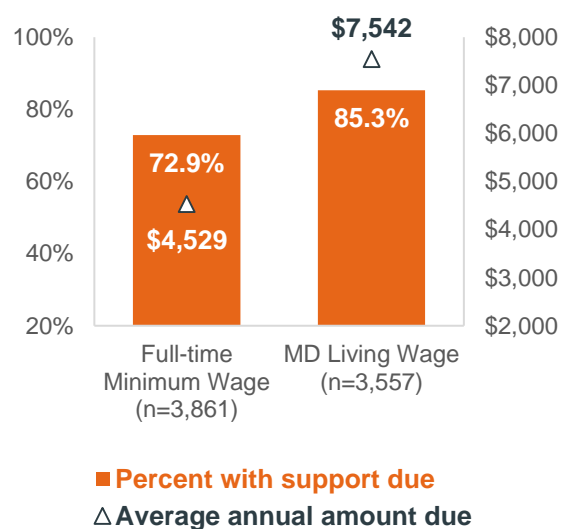
Note: Analyses includes obligors with an open child support case between July 2016 and June 2017.

Current Support Payments

Once current support orders have been established, the goal is to collect payments and provide those funds to custodial families. Child support agencies have many tools to collect payments, including providing obligors with various payment options. For those who are not complying with their obligations, agencies can suspend obligors' driving, hunting, or professional licenses, or they can recommend participation in employment programs. The most effective collection tool, however, is income withholding, which is a deduction from obligors' earnings to pay for child support. Income withholdings account for three fourths of all child support payments nationwide (OCSE, 2018b).

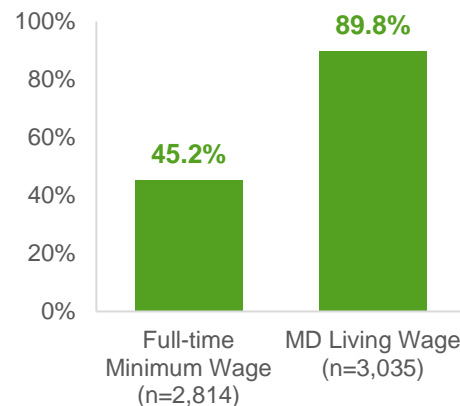### Table 5. Current Support Payments
Among obligors who owe current support
July 2016 to June 2017

Collection Rate	
Percentage of all support that was paid	67.2%
Payment Compliance	
Percent of obligors with a payment	86.5%
Average percentage paid	69.8%
Average amount paid	$4,480
Median amount paid	$3,322
Payment Source	
Percent of obligors with a payment made by income withholding	75.3%

We examine current support payments in two ways. First, we examine the total amount paid as a percentage of all support that was due during the prior year, which represents the collection rate. Second, we examine payments only among obligors who made at least one payment during the prior year. The collection rate among all obligors was 67%, as shown in Table 4. As an example, this means that if $10 million was due among all sampled obligors, then $6.7 million was collected. Unsurprisingly, the difference in collection rates by obligor earnings was quite stark. Figure 6 indicates that obligors earning full-time minimum wage or less had a collection rate of 45%, compared to 90% among obligors earning a living wage. The below-average collection rate among lower-income obligors has implications for arrears accumulation, which will be discussed later.

Figure 6. Collection Rate by Earnings***
Percentage of all support that was paid among employed obligors, July 2016 to June 2017

Note: This includes obligors who owed current support in this year regardless of whether they made a payment. *p<.05, **p<.01, ***p<.001.

The majority of obligors did make a payment during the prior year, however. Nearly every nine in 10 (86.5%) obligors made at least one payment, as shown in Table 4. These obligors paid 70% of their obligations, on average, amounting to about $4,500 per obligor for the year. Focusing on employed obligors in Figure 7, we find that nine in 10 (90.2%) lower-income obligors made at least one payment in the prior year, as did nearly all (99.1%) higher-income obligors. While most employed obligors made a payment, how much they were able to pay was vastly different. Lower-income obligors paid half (49.5%) of their obligations, compared to 89% among higher-income obligors.

> **Income withholdings were common among those with a child support payment.**
>
> The majority (75%) of all paying obligors had at least one payment made by income withholding. Similarly, 86% of paying obligors who earned full-time minimum wage or less had at least one payment made by income withholding, compared to 96% of paying obligors who earned the Maryland living wage or more.

It appears that having a job results in payments, as the vast majority of employed obligors were able to make at least one payment regardless of their earnings. This is likely due to the ability of child support agencies to attach an income withholding to a payroll check. In fact, three in every four (75.3%) obligors with a payment made at least one of those payments via income withholding. The high rate of income withholding payments remains true regardless of earnings. Nearly nine in 10 (86%) paying obligors who earned full-time minimum wage or less had at least one payment made by income withholding; 96% of paying obligors who earned a living wage did the same.

Orders and Payments as a Percentage of Income

Research has shown that compliance is highest when an obligation is about 20% of income (Hall et al., 2014; Eldred & Takayesu, 2011). With Maryland's Income Shares model, obligations generally represent 20% of obligor earnings. The balance between earnings and order amounts is achieved when actual income is used to establish support order amounts. In some instances, however, parental income is imputed to an amount that an individual *should* be able to earn instead of his or her actual earnings. In these cases, obligations may represent appropriate percentages of what obligors *should* earn, but their actual earnings may be very different and result in obligations that are much larger percentages of their actual earnings.

Figure 7. Current Support Payments by Earnings***

Among employed obligors who owed current support July 2016 to June 2017
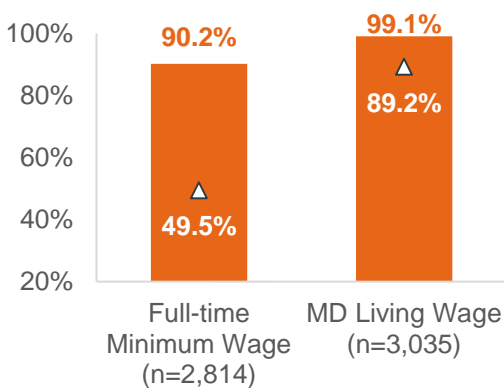
■ **Percent with a payment**

△ **Percentage paid among obligors with a payment**

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

Generally, obligors are ordered to pay a larger percentage of their earnings than they actually pay. Figure 8 includes obligors who had current support obligations and earnings information in the year prior to July 2017. Based on annual earnings, there are two calculations in this figure: (1) annual obligations as a percentage of earnings; and (2) annual payments as a percentage of earnings. On average, obligors' order amounts were one third (33.9%) of their earnings, but obligors only paid one fifth (20.3%) of their earnings toward child support.

The discrepancy between the percentage obligors were ordered to pay and the percentage that they actually paid is further illustrated in the categories of Figure 8. Two in five (39.6%) obligors had order amounts that were 15% or less of their earnings, but many more (56.6%) paid this lower percentage. Conversely, 14% of obligors had order amounts that exceeded their earnings, most likely because these orders were based on what they *should* be able to earn. Only 5% of obligors made payments that exceeded their earnings, however. Payments exceeding obligor earnings are likely due to our data limitations. We may not capture all earnings because some obligors were employed outside of Maryland or may have been self-employed (please see the *Data and Sample* section for more information on these limitations).
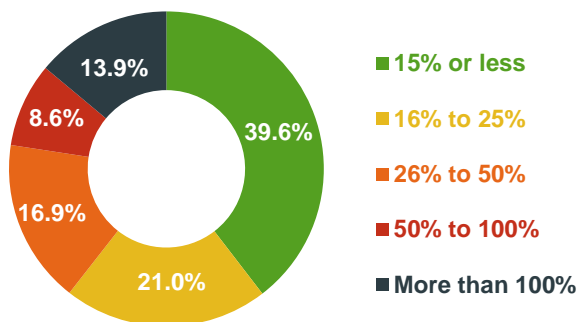
Figure 8. Current Support Orders and Payments as a Percentage of Earnings
July 2016 to June 2017
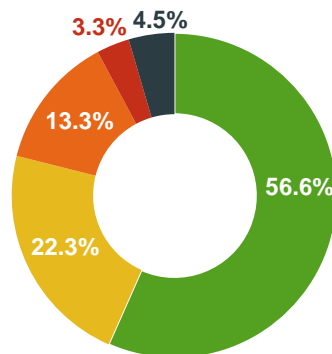*(n=7,044)*

Orders as a Percentage of Earnings
What percentage of earnings were employed obligors ordered to pay?

Legend:
- 15% or less
- 16% to 25%
- 26% to 50%
- 50% to 100%
- More than 100%

13.9%
8.6%
16.9%
21.0%
39.6%

Average	Median
33.9%	19.5%

Payments as a Percentage of Earnings
What percentage of earnings did employed obligors pay?

3.3% 4.5%
13.3%
22.3%
56.6%

Average	Median
20.3%	13.7%

The gap between the percentage obligors were ordered to pay and the percentage they actually paid is much wider among obligors earning full-time minimum wage or less. For these obligors, the average annual current support obligation was 61% of their earnings. This means, for example, that if an obligor earned the median amount for this group—$5,816—then the annual obligation would be about $3,500. This percentage exceeds the average for all employed obligors by nearly 30 percentage points (60.9% vs. 33.9%). Additionally, these obligors paid 31% of their earnings, on average, to their obligations. The median percentage paid was 20%, which is aligned with the ideal percentage found in research.

Obligors earning a living wage had balance between the percentage they were ordered to pay and the percentage they paid. On average, they were ordered to pay 14% of their earnings, and they paid 12% to child support. Although they earned and paid substantially more than lower-income obligors, they paid a much *smaller* percentage of their earnings compared to lower-income obligors (12.1% vs. 30.9%).

Figure 9. Orders and Payments as a Percentage of Earnings
Among employed obligors who owe current support July 2016 to June 2017
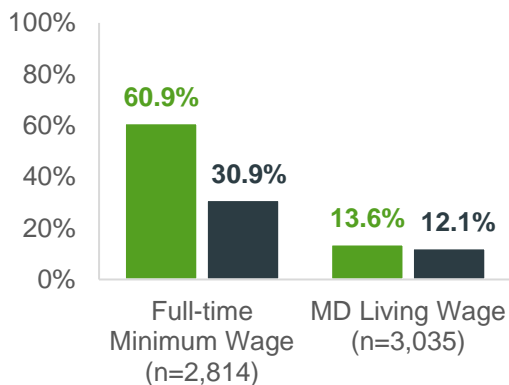
- **Order as a percentage of income*****
- **Payment as a percentage of income*****

Arrears Balances & Payments

With an overall current support collection rate of 67%, some obligors have accrued past-due balances. These balances are referred to as arrears. In Maryland, arrears balances represent 1% of the national child support debt, and Maryland collected just under $125 million in past-due support in 2017 (OCSE, 2018a). Table 5 provides information on arrears for the July 2017 sample of obligors.

Most obligors have past-due child support with fairly high balances. About three in every five (62.3%) obligors owed arrears with a median balance of just under $10,000. About one third (34.6%) of obligors owed less than $5,000 in arrears, but three in 10 (29.8%) obligors owed $20,000 or more.

Arrears are owed mainly to the custodial family, but the largest balances occur when the obligor owes arrears to both the custodial family and the state of Maryland. When a custodial family receives TANF benefits, they must assign their rights to child support payments to the state. This means that any payments made by the obligor while the custodial family is receiving TANF benefits are recouped by the state for reimbursement of those benefits. Also, any arrears accrued during this period are owed to the state. Less than 10% (6.9%) of obligors owed arrears to just the state of Maryland, and the median balance of about $3,600 was the lowest of the three categories. Nearly two in every three (64.2%) obligors owed arrears to just the custodial family, and the median balance for those obligors was about $7,000. The highest median balance—$20,000—was among the 29% of obligors who owed

arrears to both the custodial family and to Maryland.

The majority of obligors made some attempt to pay their past-due balances. In fact, about three in four (73.0%) obligors who owed arrears made an arrears payment in the previous year. Most of those payments, however, were a small percentage of the balance. Among those with a payment, 68% paid one quarter or less of their balances. Only 15% of obligors were able to pay the majority (75% or more) of their arrears balances in the previous year.

Table 6. Arrears Balances & Payments
(n=18,317)

Arrears Balances July 2017	
Percentage with a balance	62.3%
Median balance	$9,792
Categories of Arrears Balances	
Less than $1,000	10.7%
$1,000 to $4,999	23.9%
$5,000 to $9,999	16.1%
$10,000 to $19,999	19.6%
$20,000 or more	29.8%
Arrears^ Owed to:	
Custodial family & Maryland	28.9%
Median balance	$19,987
Custodial family only	64.2%
Median balance	$6,983
Maryland only	6.9%
Median balance	$3,577
Arrears Payments July 2016 to June 2017	
Percentage with payment	73.0%
Percentage paid	
1% to 25%	67.7%
26% to 74%	17.3%
75% to 100%	15.0%
Average [Median] percentage paid	27.3% [11%]

Note: ^ Obligors may have an arrears balance owed to another state.

Obligors with lower incomes tend to owe a larger percentage of Maryland's child support debt. Those earning full-time minimum wage or less owed more than one quarter (26.8%) of the entire arrears balance for the July 2017 sample. Becuase obligors earning a living wage were better able to pay their current support obligations, these obligors' arrears balances represented less than 10% (8.7%) of the entire balance. It is important to note that this discrepancy exists even though obligors earning full-time minimum wage or less and those earning a living wage represent similar percentages of the sample. The arrears burden on lower-income obligors is not a new finding, however; it was highlighted by researchers more than a decade ago (Sorensen, Sousa, & Schaner, 2007; Ovwigho, Saunders, & Born, 2008).

Figure 10. Percentage of Total Arrears Balance by Earnings
July 2017
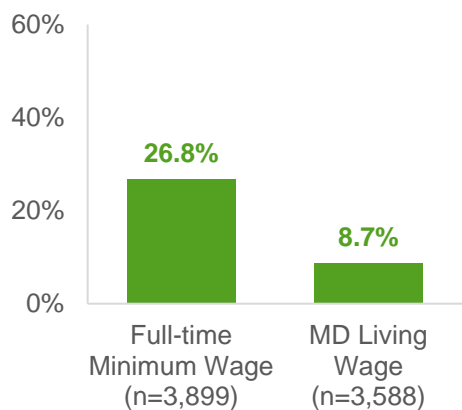
Note: The total arrears owed by each group of obligors was divided by the entire arrears owed among obligors in the July 2017 sample.

With a current support collection rate under 50%, it is not surprising that the majority of lower-income obligors have an arrears balance. Three fourths (75.7%) of obligors who earned full-time minimum wage or less owed past-due support, but only two in five (41.0%) obligors who earned a living wage had an arrears balance. Furthermore, lower-income obligors owed double the amount owed by those with higher incomes ($10,160 vs. $5,296). Lower-income obligors' median arrears balance was also nearly twice their median earnings ($5,816), signifying a substantial barrier in paying down that debt. Additionally, about one third (31.9%) of higher-income obligors owed between $1,000 and $4,999; conversely, about one third (31.8%) of lower-income obligors owed $20,000 or more in arrears.

The majority of debt was owed to custodial families for both groups of obligors. Eight in 10 (78.3%) higher-income obligors and six in 10 (58.9%) lower-income obligors owed arrears to just the custodial family. Lower-income obligors owed about $6,200 to the custodial families, and higher-income obligors owed about $4,000 to them. About 5% of both groups owed arrears to just the state of Maryland, and they owed around $3,000 for the TANF benefits that custodial families received in the state.

The largest arrears balances were owed to both the custodial family and the state of Maryland. Only 17% of higher-income obligors had arrears balances for both entities for a median balance of about $16,500. More than one third (35.9%) of

lower-income obligors, however, owed arrears to both custodial families and the state of Maryland. These lower-income obligors owed more than $20,000 to these two entities.

The majority of both groups of obligors made a payment toward arrears, but lower-income obligors paid a smaller percentage. Almost eight in 10 (77.8%) obligors earning full-time minimum wage and more than nine in 10 (93.5%) obligors earning a living wage made at least one payment toward their arrears balances in the previous year. Among the lower-income obligors with a payment, an average of 22% of their balances were paid, while higher-income obligors paid an average of 37% of their past-due balances.

Table 7. Arrears Balances & Payments by Earnings

	Full-Time Minimum Wage (n=3,899)		MD Living Wage (n=3,588)	
Arrears Balances *July 2017*				
Percentage with a balance***	75.7%		41.0%	
Median balance	$10,160		$5,296	
Categories of Arrears Balances*				
Less than $1,000	10.7%		16.2%	
$1,000 to $4,999	22.6%		31.9%	
$5,000 to $9,999	16.3%		16.8%	
$10,000 to $19,999	18.7%		16.9%	
$20,000 or more	31.8%		18.3%	
Arrears^ Owed to:*				
Custodial family & Maryland	35.9%		16.7%	
Median balance	$20,457		$16,467	
Custodial family only	58.9%		78.3%	
Median balance	$6,186		$4,025	
Maryland only	5.1%		5.0%	
Median balance	$2,480		$3,205	
Arrears Payments* *July 2016 to June 2017*				
Percentage with payment	77.8%		93.5%	
Percentage paid				
1% to 25%	76.2%		52.5%	
26% to 74%	10.8%		28.3%	
75% to 100%	13.0%		19.3%	
Average [Median] percentage paid	22.1%	[7.0%]	37.3%	[24.0%]

Note: ^ Obligors may have an arrears balance owed to another state.

CONCLUSIONS

The incomes of individuals in the child support program are diverse, ranging from poverty wages to living wages. This applies to both custodial families and obligors, because there are no income requirements to participate in the public child support program. Given this level of diversity, this report provides a snapshot of obligors who had a child support case in July 2017 and makes comparisons between low- and high-wage earners.

Current support collections in Maryland are just above the national average. About 70% of current support was collected among the sample of obligors who owed current support in the year prior to July 2017. Nearly nine in every 10 of these obligors made at least one payment during that year, but arrears were still common. About three in five obligors had a past-due balance, known as arrears. The median arrears balance was just under $10,000, representing a sizeable debt.

Higher-income obligors who earned a living wage were able to pay a much higher percentage of their current support obligations than the average obligor was able to pay. Higher-income obligors earned a median of about $50,000 in the year prior to July 2017, and they paid the vast majority—90%—of their current support obligations during that year. Since some obligors were not fully compliant with their obligations, two in five owed arrears with a median balance of about $5,300, which is about half of the median balance among all obligors who had past-due balances. These obligors had the ability to pay their obligations, and therefore, they were largely compliant with child support.

On the other hand, lower-income obligors have limited self-sufficiency. Although employed, these obligors earned an annual median of about $6,000. Those working at full-time minimum wage earned about $18,000 for the year. Half of these obligors received SNAP benefits in the prior year, revealing food insecurity. Furthermore, these obligors were more likely to owe support to families who were also low-income—about one third of associated custodial families received TANF benefits.

These factors can constrain an obligor's ability to pay, so it is not surprising that compliance was reduced. Nine in 10 lower-income obligors made a current support payment in the year prior to July 2017, but only 45% was paid. Consequently, three fourths of these obligors owed arrears. Their median arrears balance was about $10,000. With median annual earnings half that amount, these arrears balances will be difficult to reduce or eliminate.

A barrier to full compliance among these lower-income obligors is that they are required to pay an unreasonable portion of their earnings to their current support obligations. Lower-income obligors are expected to pay a 61% of their actual earnings to child support, but they paid an average of 31% of their earnings to child support. For comparison, higher-income obligors were expected to pay 14% of their earnings, and they paid 12%. Creating current support order amounts that are aligned with *actual* earnings may result in greater compliance and regular payments to families. After all, the most important outcome is ensuring that both parents support the 200,000 children served by Maryland's public child support program.

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