



January 1, 2013

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
State House
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, Maryland 21401-1991

RE: Report in accordance with Family Law Article § 12-202(c)– 2012 Child Support Guidelines Review

Dear President Miller and Speaker Busch:

I am pleased to provide you with the enclosed copy of the 2012 Maryland Child Support Guidelines Review in accordance with the requirements of Family Law Article § 12-202(c). The Department of Human Resources conducts a review of Maryland's child support guidelines on a quadrennial basis to ensure that the child support guidelines result in the determination of appropriate child support award amounts.

The first part of the report includes a comprehensive review of current child support guidelines and was conducted by Econometrica, Inc., a DHR contractor. The second part of the report analyzes case level data of child support orders established or modified from January 2007 to December 2010. This research was carried out by the University of Maryland's School of Social Work, DHR's long-standing research partner.

If you should have any further questions concerning this report or require additional information, please contact me at 410-767-7109 or Allyson Black, Executive Director of Government, Corporate and Community Affairs at 410-767-6586.

Sincerely,

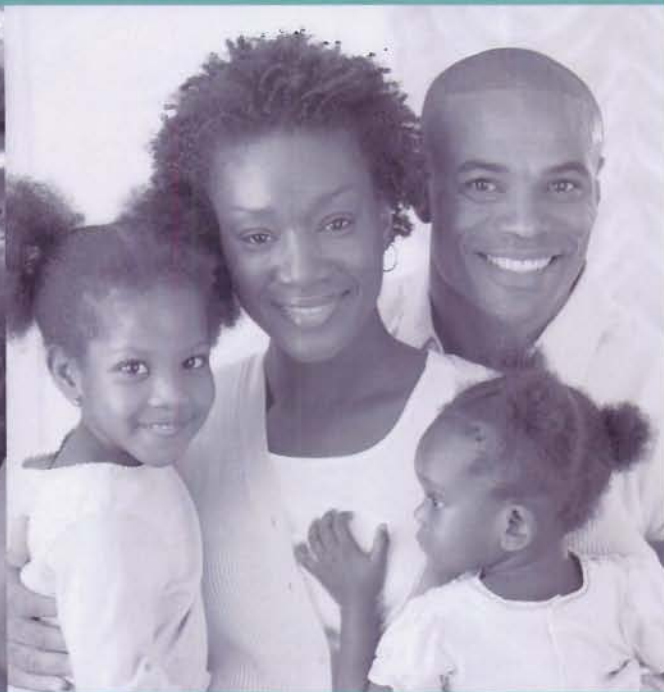
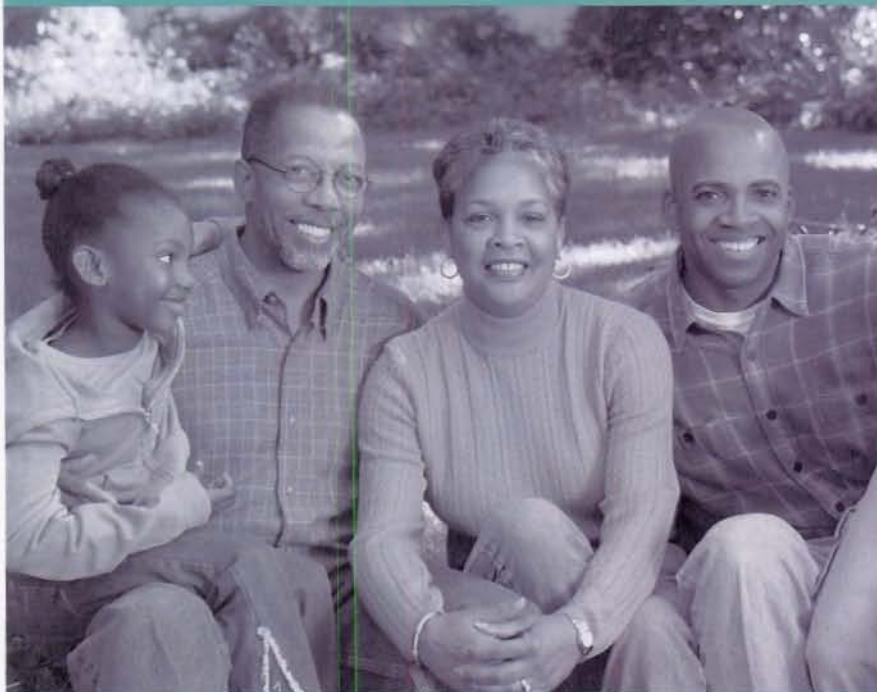
Theodore Dallas
Secretary

Enclosure

cc: Joseph J. DiPrimio
Marc Clasen
Allyson Black



***2012 Quadrennial Review:
Maryland Child Support Guidelines
December, 2012***



Martin O'Malley, Governor

Anthony G. Brown, Lt. Governor

Theodore Dallas, Secretary

REPORT REQUIREMENT

The Maryland Department of Human Resources (DHR) submits this report in accordance with Family Law Article § 12-202(c), which requires that on or before January 1, 1993, and at least every 4 years after that date, the agency shall:

“(1) review the [child support] guidelines set forth in this subtitle to ensure that the application of the guidelines results in the determination of appropriate child support award amounts; and

(2) report its findings and recommendations to the General Assembly, subject to § 2-1246 of the State Government Article.”

BACKGROUND

Maryland’s child support guidelines and accompanying schedule of basic support obligations, in accordance with the goals and spirit of the federal-state Child Support Enforcement partnership program, *enhance the well-being of children* by ensuring that financial support is available to children through the establishment of support obligations for the non-custodial parent, as well as monitoring and enforcement of those obligations.¹ DHR’s Child Support Enforcement Administration (CSEA) is responsible for operating a State-wide child support program and provides services to both non-custodial and custodial parents, which include the establishment of paternity and child support orders, the collection of support payments, and the distribution of such funds to custodial parents.

The State’s child support guidelines were first established in 1989, under Family Law § 12-204, and subsequently revised in 2010. Maryland employs the “Income Shares” model² for determining the non-custodial parent’s child support obligation. This guideline model, adopted by 37 states as well as the District of Columbia and Guam, takes into consideration the incomes of *both* parents as well as the number of children involved and additional expenses, such as child care and health insurance.³

Under federal regulations⁴ and Maryland law, CSEA is responsible for conducting a review of Maryland’s child support guidelines at least every four years to ensure that the application of the guidelines results in the determination of the appropriate child support award amounts. In 2008, DHR submitted a report on the review of the State’s child support guidelines and provided recommendations for statutory amendments to the guidelines and accompanying schedule. The report included an overview of existing Maryland child support guidelines relative to other states’ guidelines. In comparing the underlying 1989 guidelines and the 2008 income levels in Maryland, it was determined that the schedules required major revisions. The proposed schedules accounted for several economic factors that were not previously considered in developing the

¹ The Child Support Enforcement Program was established in 1975 under the Social Security Act (Title IV-D) of 1935, as amended.

² This model was developed during the 1984-1987 National Child Support Guidelines Project.

³ A detailed explanation of how the Income Shares model is currently applied in Maryland, including the assumptions, data and calculations considered in the creation of this model, may be found in Section 3 of the 2012 Econometrica Review of the Maryland Child Support Guidelines, Section 3.

⁴ 45 C.F.R. § 302.56 (2012). *See also* Family Support Act of 1988 (Pub. L. No. 100-485).

1989 schedules. For instance, the schedule guideline for low-income families had not been updated in several years, which led to considerably lower guidelines when compared to other states' formulas. The expenditures associated with child-rearing in Maryland, in addition to the increase in the State median income level, the highest median household income of any state, were factors considered in the development of the updated schedule to reflect current economic conditions in Maryland.

Two years later, in 2010, based on the 2008 report and recommendations, the Maryland General Assembly of Maryland revised the schedule of child support obligations for the first time in 21 years. Chapters 262/263 (Senate Bill 252/House Bill 500) of the 2010 Session 1) revised the schedule based on updated cost estimates for raising a child in Maryland; 2) authorized discretionary orders for low-income families earning up to \$1200 per month; and 3) included in the schedule monthly family income of up to \$15,000 (previously, the guidelines provided suggested support orders for monthly income of up to \$10,000; income above that amount triggered the use of discretionary orders).

This year's review of the guidelines comes on the heels of new leadership within CSEA and marked improvement in child support obligation establishment and collection. DHR retained a new Executive Director to lead CSEA in December 2011. And in 2012, more child support payments were collected and disbursed to Maryland families in the federal fiscal year ending on September 30th than at any time in the State's history. DHR's Child Support Enforcement Administration collected over \$544.4 million in child support; compared to the previous federal fiscal year, this represents a \$25.1 million (4.8%) increase in child support collections, \$11.1 million increase in wage garnishments and the garnishment of an additional 67,000 paychecks.⁵ This was spurred by the practice of encouraging employers to report new hires, which enabled DHR to set up regular payments for employed parents who owed child support but were not making regular payments. DHR has also stepped up its partnership efforts with other state agencies to suspend drivers and professional licenses and intercept tax refunds or lottery winnings.

RESPONSE

Overview

The first part of the report, enclosed as Part I, includes a comprehensive review of current child support guidelines and was conducted by Econometrica, Inc., a DHR contractor. The second part of the report, Part II, analyzes case level data of child support orders established or modified from January 2007 to December 2010. This research was conducted by the University of Maryland's School of Social Work, DHR's long-standing research partner.

Comprehensive Review – Part I

The Econometrica comprehensive review of Maryland's child support guidelines, as well as the 2008 quadrennial child support guidelines review, concluded that the methodology used to create the current child support guidelines is "rigorous and appropriate."

⁵ <http://news.dhr.maryland.gov/reports/that/washington-county-office-of-child-support-enforcement-creatively-boost-collections-in-2012/> See 45 C.F.R. § 302.56

Case-level Data Analysis – Part II

As in prior years, DHR requested that the University of Maryland School of Social Work conduct the necessary research to ensure Maryland's compliance with federal regulations requiring that the quadrennial review include an analysis of the application of, and deviations from, the guidelines to ensure that deviations from the guidelines are limited.⁶ The university's researchers worked collaboratively with local child support agency staff in all 23 counties and Baltimore City, who were responsible for locating the requested sample child support orders and sharing them with the research team.

The conclusion of the university's independent case-level data analysis is that there are "no current red flags or areas requiring urgent attention - legislative, administrative or otherwise." The eight key findings are based on extensive research into 5,340 randomly selected child support orders established or modified between January 1, 2007 and December 31, 2010. They are:

- (1) the public child support program continues to serve a ***broad population*** - approximately equal percentages of children live in families who formerly received temporary cash assistance, or TCA, (44.8%) versus those who have never received TCA (41.2%), with a relatively small number of families currently receiving TCA (13.9%);
- (2) State-wide, the ***profile of child support cases*** remains similar to previous quadrennial reviews: an overwhelming majority involve a sole-custody support matter (95.6%), only one child (74.1%), and a father who is the non-custodial parent (91.4%);
- (3) in most cases, the total support obligation amount equals the guidelines-recommended amount (***seven of every 10 orders*** established or modified within the study period were written ***according to Maryland's child support guidelines***);
- (4) most orders did not deviate from the guidelines (among those orders with deviations, ***78% represented were downward adjustments***);
- (5) the dollar amounts involved in downward deviation cases also tend to be larger;
- (6) deviations were significant more likely to be found in certain types of cases (those with higher obligor income, two or more children, or with modifications);
- (7) among cases with a deviation, the reason for the deviation was determined for most cases (82.5%) from either the worksheet or the court order; and
- (8) although some intra-state differences were observed, their nature and magnitude seem congruent with local socioeconomic conditions and raise no red flags.

Conclusion

Based on these findings of careful and consistent application of Maryland's child support guidelines, DHR will continue to monitor the effectiveness of the program in meeting its goal of

⁶ See 45 C.F.R. § 302.56

enhancing the *well-being of Maryland's children* through the fair and just administration of child support obligations for non-custodial parents.