

WHO PAYS CHILD SUPPORT IN BALTIMORE CITY?

NONCUSTODIAL PARENT (NCP) PAYMENT COMPLIANCE

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Child support is a vital source of income for many families and can represent 40 percent of income for poor custodial families.ⁱ Without the receipt of child support, more than one million additional people would have been below the poverty line in 2008.ⁱ The Maryland Child Support Enforcement Administration (CSEA) is committed to supporting custodial families by enforcing child support orders. To that end, CSEA collected 67% of more than \$640 million in current support due to nearly 230,000 Maryland children.ⁱⁱ

While the CSEA was able to collect two-thirds of current support due to families, there are still some noncustodial parents who make no payments. A recent study found that 20% of noncustodial parents in Maryland made no payments to their current support obligations; conversely, over 40% of noncustodial parents paid more than 75% of their obligation.ⁱⁱⁱ

This report also documented that employment and earnings were higher among noncustodial parents who paid more of their obligation. Additionally, noncustodial parents with lower payment compliance were expected to pay a larger portion of their earnings toward child support. In fact, noncustodial parents who paid the least amount of current support were expected to pay 76% of their earned income toward child support, compared to 18% among those who paid the most. Regardless of how much noncustodial parents were expected to pay, however, they paid between 20% and 30% of their actual income toward current support. This may be more in line with a noncustodial parent's ability to pay.

Baltimore City, a metropolitan city in Maryland, has the largest child support caseload, representing about one-third of Maryland's child support cases. With such a large caseload, the payment compliance outcomes in Baltimore City affect the overall state outcomes. Yet, Baltimore City has unique circumstances that affect its child support outcomes that may not be experienced by other jurisdictions. For instance, the unemployment rate in Baltimore City was around 10% between 2009 and 2013, while the state rate was closer to 7% during the same time period.^{iv} Also, the practice of imputing income to noncustodial parents in order to determine child support order amounts is more common in Baltimore City than the state (8% vs. 17%). With this information in mind, this brief will examine payment compliance specifically in Baltimore City to determine differences from the rest of the state.

Research Methods

This report uses a subsample of a 3% random sample of child support cases that were active in July 2011. Specifically, we included only the NCPs from these cases that owed current support between July 2010 and June 2011 (n=4,652).

Data comes from the Child Support Enforcement System (CSES) and the Maryland Automated Benefits System (MABS), which are the administrative data systems for child support and Maryland employment covered by Unemployment Insurance (UI), respectively.

All analyses are presented by groups of NCPs based on the percent of their current support that was paid during the study year. NCPs with cases in Baltimore City and those with cases in the remainder of Maryland's 23 counties are presented separately in each analysis.

Percent of Current Support Paid

Most noncustodial parents pay some, if not all, of their child support obligation. In Maryland, 8 in every 10 noncustodial parents paid some portion of their current support obligation. To address the level of payment compliance in Baltimore City, Figure 1 divides the percentage of current support paid by noncustodial parents into six groups, ranging from those that paid none of their obligation to those who paid their entire obligation. The same information is provided for the rest of the state for comparison.

Similar to the state findings, most noncustodial parents in the sample paid a portion of their obligation during the study year. For example, just over 6 in 10 Baltimore City noncustodial parents paid some of their obligation, and more than 8 in 10 noncustodial parents did the same in the rest of the state.

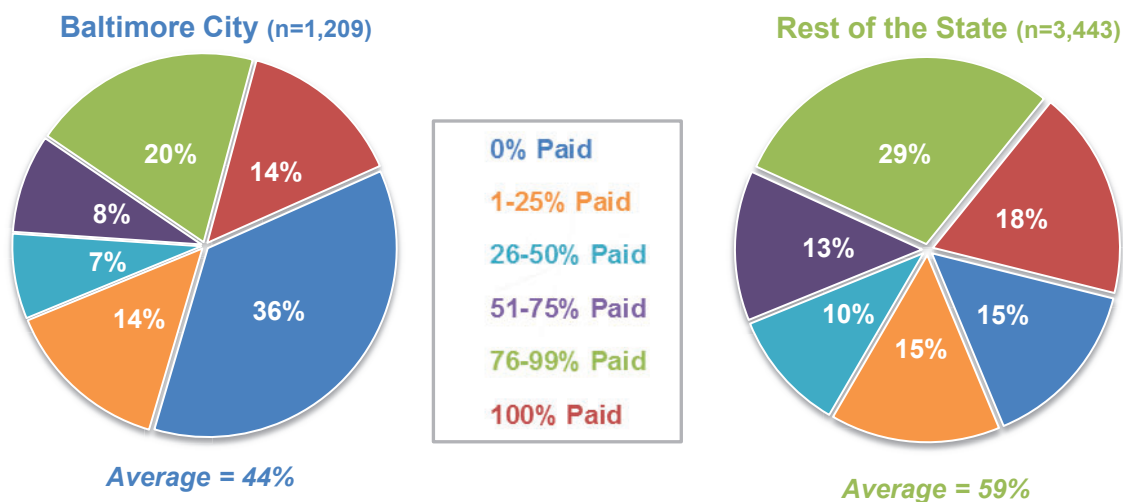
Furthermore, one-third (34%) of Baltimore City noncustodial parents paid more than 75% of their obligation during the study year; nearly half (47%) of noncustodial parents in the rest of the state did the same. On the other hand,

more than one-third (36%) of noncustodial parents in Baltimore City did not make any payments toward their current support obligation, while only 15% of noncustodial parents in the rest of the state made no payments during the study year.

Additionally, Baltimore City noncustodial parents make up nearly half of all sampled noncustodial parents in the state who had no payments, but only one-fifth of all noncustodial parents in the state who paid more than 75% of their obligation. Certainly the higher rate of imputed income in combination with higher unemployment plays a role in the lower payment compliance in Baltimore City.

These categories of payment compliance—percent of current support paid—are used in each subsequent analysis to describe the characteristics, employment, and earnings of noncustodial parents who paid none (0%) of their obligations as well as those who paid some (1-25%, 26-50%, 51-75%), most (76-99%), or all (100%) of their obligation during the study year.

Figure 1. NCP Payment Compliance



Note: Payment compliance is based on the percentage of an NCP's current support that was paid during the study year.

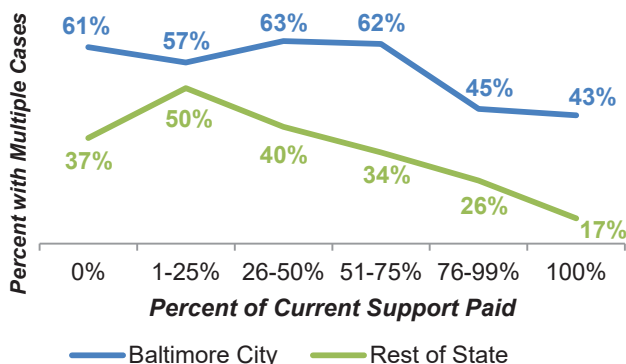
Case Characteristics

Noncustodial parents in Maryland are generally African American men in their late 30s and are residents of Maryland. There are some demographic differences between Baltimore City and the rest of the state, however. Noncustodial parents in Baltimore City are more likely to be African American (92% vs. 59%) and to be residents of Maryland (92% vs. 74%).

Similarly, Figure 2 shows that noncustodial parents in Baltimore City are more likely to have multiple child support cases in which they are the noncustodial parent. Among noncustodial parents who paid 0% of their child support obligation during the study year, 6 in 10 had multiple cases in Baltimore City, compared to less than 4 in 10 noncustodial parents in the rest of the state.

However, the more a sampled noncustodial parent paid in child support—for both Baltimore City and the rest of the state—the less likely he was to have multiple child support cases. In fact, noncustodial parents who paid all of their current support in the study year were nearly 20 percentage points less likely to have multiple cases. For noncustodial parents in Baltimore City, this was a decline from 61% to 43%, and for the rest of the state, this was a decline from 37% to 17%. Even though noncustodial parents in Baltimore City were more likely to have multiple cases, two in five who paid 100% of their obligation had multiple child support cases, suggesting that multiple cases is not the only factor for low payment compliance.

Figure 2. NCPs with Multiple Support Cases
by Percent of Current Support Paid



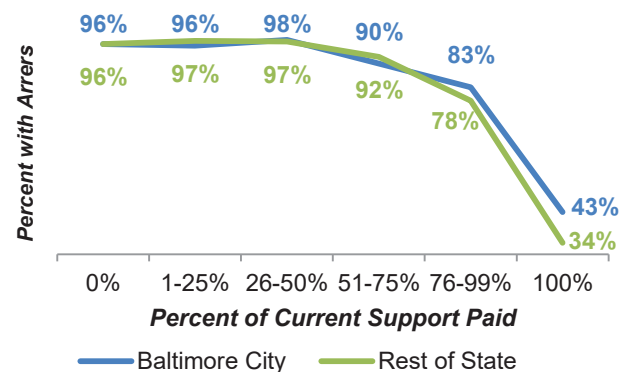
Concerning arrears, the trend is consistent with multiple cases—the more compliant noncustodial parents are with their current support, the less likely they are to have an arrears balance. But there is not a clear difference between noncustodial parents in Baltimore City and in the rest of the state.

Figure 3 shows that over 9 in 10 sampled noncustodial parents who paid 0% of their current support during the study year had an arrears balance, whether the case was in Baltimore City or not. Among noncustodial parents who paid 100% of their current support obligation, the percent with an arrears balance declined by more than 50 percentage points.

2 in 5 Baltimore City noncustodial parents who were able to pay 100% of their obligation did so despite having multiple child support cases.

While the percent of noncustodial parents who owe arrears remains very similar between Baltimore City and the rest of the state for each of the payment compliance groups from 0% to 76-99%, they diverge slightly among noncustodial parents who paid 100%. Specifically, two in five (43%) Baltimore City noncustodial parents in this group had an arrears balance, while one-third (34%) of those outside of Baltimore City owed arrears. Additionally, of all cases in the sample that owed arrears, 27% were cases in Baltimore City, a percentage less than its caseload size within the state.

Figure 3. NCPs who Owe Arrears
by Percent of Current Support Paid



Current Support Due

Maryland uses an income shares guidelines model to determine child support obligations. This model incorporates the income of both parents and prorates the amount that the noncustodial parent owes to his share of the combined parental income. As the combined income of the parents increases, the amount of child support that is due also increases. Based on Table 1, we can assume (and we will see in subsequent analyses), that noncustodial parents who paid more of their obligation also have higher earnings since the obligation amount increases with payment compliance.

In Baltimore City, noncustodial parents who did not pay any of their obligations during the study year owed an average of about \$3,300. This amount increased by about \$2,000 among the 51-75% payment compliance group. The obligation amount declined for the 76-99% and 100% payment compliance groups; these noncustodial parents owed an average of \$4,888 and \$3,795, respectively.

Current support due among noncustodial parents outside of Baltimore City follows a similar pattern. The obligation amounts are slightly higher among these noncustodial parents, and the obligation amounts continue to increase through the 76-99% payment compliance group and decline only with the 100% payment compliance group.

Table 1. Average [Median] Current Support Due during the Study Year
by Percent of Current Support Paid

	Baltimore City		Rest of State	
0%	\$3,314	[\$2,544]	\$3,942	[\$3,288]
1-25%	\$4,406	[\$3,638]	\$5,018	[\$3,975]
26-50%	\$4,549	[\$3,732]	\$5,150	[\$4,248]
51-75%	\$5,371	[\$5,061]	\$5,154	[\$4,441]
76-99%	\$4,888	[\$3,938]	\$6,247	[\$5,352]
100%	\$3,795	[\$3,120]	\$5,856	[\$5,028]

Note: In a separate analysis, we found that NCPs owed current support in 11 months of the study year, on average.

Employment in Maryland

In order to examine how income plays a role in the obligation amount and the percent of that obligation that is paid, we first examine the employment participation of noncustodial parents. Employment is limited to Maryland jobs covered by Unemployment Insurance (UI) and is based on any employment occurring during the four quarters of the study year, regardless of how long the job lasted.

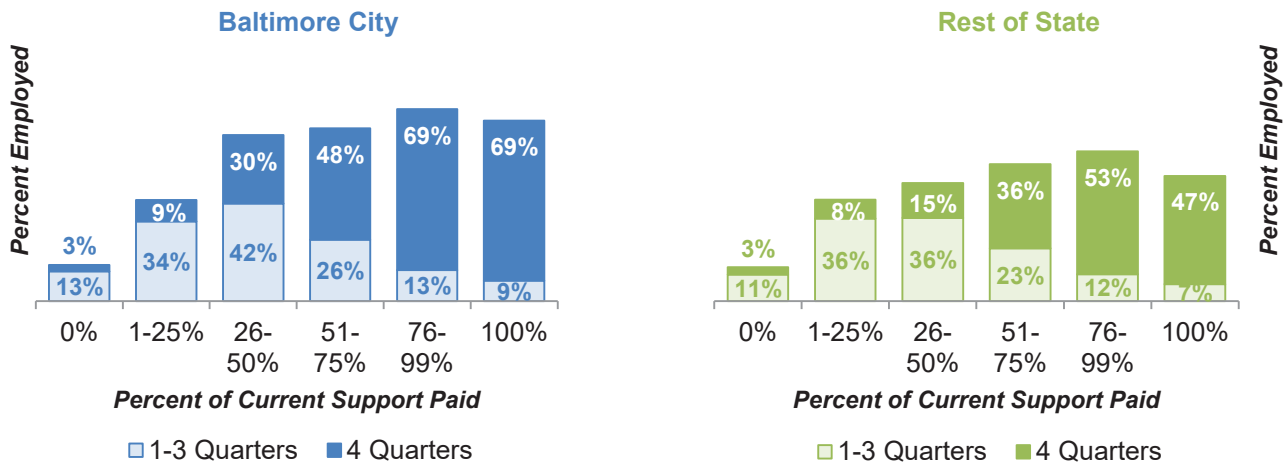
Specifically, Figure 4 shows the percent of noncustodial parents who had Maryland employment in one to three quarters and in all four quarters of the study year for each of the payment compliance groups in Baltimore City and the rest of the state.

About 70% of Baltimore City noncustodial parents who paid their entire obligation worked in all four quarters, compared to only 3% of those who paid nothing.

Overall, Baltimore City noncustodial parents were more likely to have employment in Maryland, while noncustodial parents in the rest of the state were less likely to be employed, although they may have jobs outside of Maryland. Regardless, the employment trend is the same for both: a larger percentage of noncustodial parents were working as payment compliance increased.

For example, only 16% of Baltimore City noncustodial parents who paid none of their obligation worked at any point (1-3 or 4 quarters) during the study year, compared to about 8 in 10 who paid more than 75% of their support obligations. While it is not surprising to see employment increase with payment compliance, consistent employment also plays a role in meeting current support obligations. Only 3% of Baltimore City noncustodial parents who paid none of their obligation worked in each of the four quarters of the study year. However, 69% of noncustodial parents in Baltimore City who paid more than 75% of their obligations had employment in each of the four quarters.

Figure 4. NCPs Employed during Study Year
by Percent of Current Support Paid



Note: Employment is based on Maryland UI-covered jobs; out-of-state employment is not included. We do not know how many hours per week or number of weeks that individuals worked in each quarter. Valid percentages are reported.

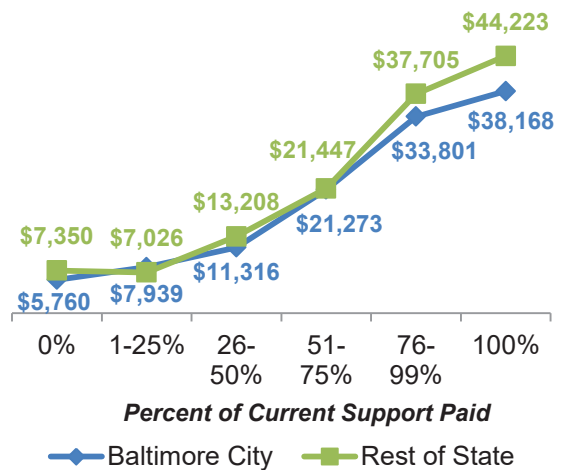
Earnings among Employed NCPs

As expected, when employment participation increases, earnings also increase, according to Figure 5. These earnings give noncustodial parents the ability to pay their current support obligations.

In both Baltimore City and the rest of the state, noncustodial parents who paid 25% or less of their current support obligation had average earnings below \$10,000 during the study year. For perspective, the 2011 poverty threshold for one person was \$10,980.^v

However, as earnings climb above \$20,000, noncustodial parents were able to pay more than 50% their obligation. Noncustodial parents earning an average of about \$21,000 paid 51-75% of their current support obligations during the study year. With an increase of more than \$10,000 in earnings, noncustodial parents paid most (75-99%) of their support obligations. Lastly, noncustodial parents who paid all of their current support obligations during the study year earned about \$40,000, on average.

Figure 5. Average Annual Earnings among Employed NCPs**
by Percent of Current Support Paid



Notes: Earnings are based on NCPs with employment in a Maryland UI-covered job. NCPs may have additional earnings that are not accounted for here.

Median earnings were lower in each of the payment compliance groups—by about \$2,000 to \$4,000. This makes a larger difference among the lower income groups where average earnings can be double the median earnings. For example, among Baltimore City noncustodial parents, median earnings for those who paid 0% were \$1,603 (compared to \$5,760 in average earnings), while median earnings for those who paid 100% were \$35,077 (compared to \$38,168 in average earnings).

Order to Income Ratio & Payment to Income Ratio

Employment and earnings certainly have an effect on a noncustodial parent’s ability to pay child support. To address ability to pay, there have been recent studies that examine non-custodial parents’ obligations as a proportion of their earnings. These studies found that non-custodial parents were able to maintain payments when their current support obligation was about 20% of their earnings.^{vi}

Focusing on the ability of sampled non-custodial parents in Maryland to pay their child support, we first examine the order to income ratio in Figures 6 and 8. Specifically, these two figures show current support *obligations* as a percentage of income for each of the payment compliance groups in Baltimore City and the rest of the state, respectively. We then discuss the payment to income ratio in Figures 7 and 9 for Baltimore City and rest of the state, respectively. These two figures show current support *payments* as a percentage of non-custodial income. The trend in Baltimore City and the rest of the state is identical, so this discussion will focus on Baltimore City.

Noncustodial parents in Baltimore City paid between 15% and 29% of their earned income toward their child support obligation.

The 1-25% payment compliance group had a current support obligation that represented 72% of their actual earned income (Figure 7). Put another way, these noncustodial parents, who earned an average of less than \$10,000, were expected to pay about 70% of their income solely toward child support. In spite of this expectation, these noncustodial parents paid 23% of their earnings toward their child support obligation, on average (Figure 8).

On the other hand, higher payment compliance groups have an order to income ratio closer to 20%. Specifically, noncustodial parents who paid 100% of their obligation—the noncustodial parents earning about \$40,000, on average—

had a current support obligation that represented 15% of their income, and they were able to make payments amounting to 15% of their income, on average.

Additionally, one-quarter of the sampled non-custodial parents with a high order to income ratio were in Baltimore City. That is, one in every four noncustodial parents with an obligation amount representing more than 50% of their actual earnings was a Baltimore City case. Considering its caseload size, it does not appear that a high order to income ratio is more common in Baltimore City than the rest of the state.

Figure 6. Average Current Support *Due* as a Percentage of Earnings: Baltimore City
by Percent of Current Support Paid

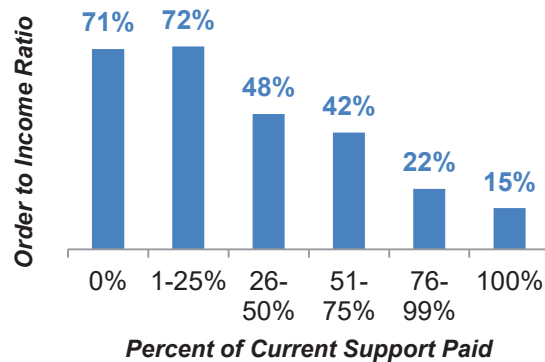
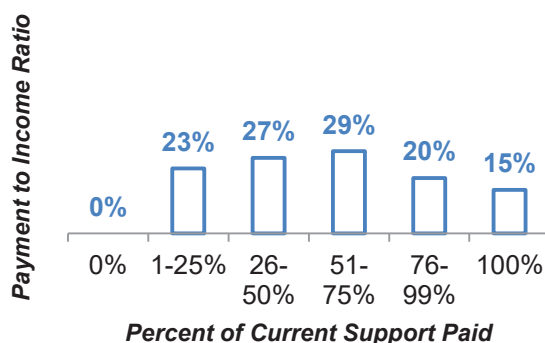


Figure 7. Average Current Support *Paid* as a Percentage of Earnings: Baltimore City
by Percent of Current Support Paid



Note: Analyses in Figures 6 & 7 only include NCPs with employment/earnings in a Maryland, UI-covered job.

Figure 8. Average Current Support Due as a Percentage of Earnings: Rest of State
by Percent of Current Support Paid

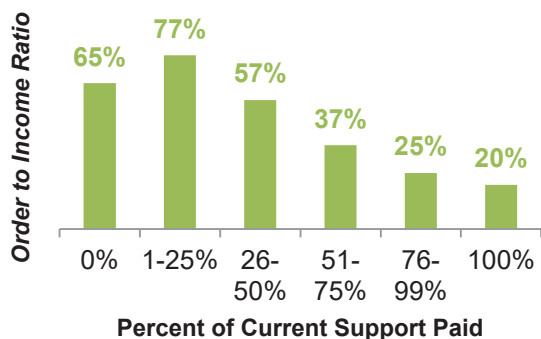
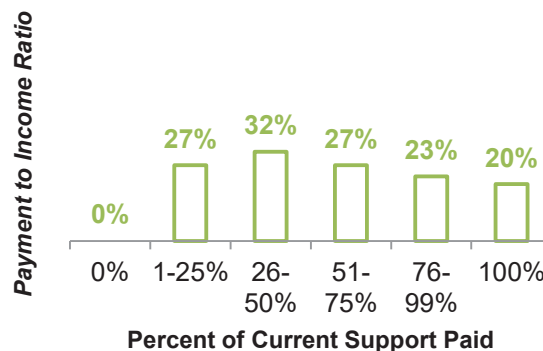


Figure 9. Average Current Support Paid as a Percentage of Earnings: Rest of State
by Percent of Current Support Paid



Note: Analyses only include NCPs with employment/earnings in a Maryland, UI-covered job.

Summary

About 6 in every 10 Baltimore City non-custodial parents in the sample made a payment to their current support obligation during the study year, and one-third paid over 75% of their obligation. Nonetheless, Baltimore City does have lower payment compliance. More than one-third (36%) paid nothing toward their current support obligation, compared to only 15% in the rest of the state.

It does not appear, however, that Baltimore City noncustodial parents are more likely to have high order to income ratios. Those with lower earnings—whether in Baltimore City or not—are more likely to have an order that is greater than 50% of actual earnings. Despite the order to income ratio, all noncustodial parents in the sample paid between 15% and 30% of their income toward child support.

Hence, a noncustodial parent’s ability to comply with his obligation is diminished by low income. In Baltimore City, this may be influenced by multiple child support cases, imputed income, incarceration, and a change in employment circumstances as well as high poverty.

Practices such as imputing income at full-time minimum wage put noncustodial parents at a disadvantage, because human capital plays a critical role in an individual’s ability to obtain

such a job. About 25% of men in Baltimore City do not have a high school degree, compared to 14% in the state.^{vii} Also, about three in five Maryland inmates return to Baltimore City upon release, thereby increasing the percentage of individuals searching for employment with a criminal record.^{viii}

The majority of noncustodial parents have an order based on actual income, however. The order may have been determined when the noncustodial parent was working full-time, but with the persistent high unemployment in Baltimore City, it is possible that the non-custodial parent no longer has a job or that he may only be working part-time. These non-custodial parents may require a modification of their orders to address the change in their circumstances.

It seems imperative—for noncustodial parents, custodial families, and state performance—that noncustodial parents have orders aligned with their ability to pay, especially those with low income. The ability to pay is almost entirely related to the earnings of a noncustodial parent, as those with an order closer to 20% of their income were more likely to fully comply with their obligation. Program managers and policymakers can use this information to consider how to best determine realistic obligations that are based on a noncustodial parent’s ability to pay.

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