

# PEOPLE & PAYMENTS: A PROFILE OF MARYLAND'S CHILD SUPPORT CASELOAD IN JULY 2012

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The goal of child support enforcement agencies is to secure monetary support from noncustodial parents for children who do not reside with both of their parents. There are many steps before a payment is distributed to a custodial family: locate the noncustodial parent, establish paternity, establish a support order, and enforce the support order. Accomplishing these steps results in financial support for the costs of raising a child, which can be a substantial portion of a custodial family's income. In fact, according to Sorensen (2010), the receipt of child support can represent as much as 40 percent of a low-income custodial family's income. Even more, Sorensen estimates that child poverty would increase by four percent without the receipt of child support.

To mitigate child poverty and assist custodial families, states collected over \$27.7 billion dollars in current support and distributed it to over 17 million children in federal fiscal year 2012 (OCSE, 2013). Nationally, this represents a collection rate of 63 percent of current support due in fiscal year 2012; Maryland, in particular, collected about 65 percent of current support that was due (OCSE, 2013).

The Maryland Child Support Enforcement Administration's collection of two-thirds of current support is especially impressive considering today's difficult, although improving, economy and budget environment. This report aims to provide some information about that success by describing a sample of Maryland's public child support cases in July 2012 and make comparisons to prior samples in July 2010

and July 2011. Specifically, the *People and Payments* series provides Maryland's policy-makers and program staff with state-specific empirical data, informing their efforts to improve program outcomes and enrich future policy development.

This brief is based on a five percent randomized sample of public child support cases active in July 2012 (n=10,952).<sup>1</sup> It examines key characteristics of cases and of participating parents and children, such as participant demographics, employment, and welfare receipt, as well as child paternity, the establishment of support orders, and payments to current support and arrears.

*The receipt of child support can represent as much as 40 percent of a low-income custodial family's income. (Sorensen, 2010)*

Information about the caseload is derived from two databases maintained by the State of Maryland. Demographic data on children, noncustodial parents, and custodial parents receiving services from the child support agency, as well as support order amounts and payments, were obtained from the Child Support Enforcement System (CSES). Employment and earnings data from a job in Maryland covered by Unemployment Insurance (UI) are obtained from the Maryland Automated Benefits System (MABS). MABS data provide aggregate quarterly earnings, so the number of hours worked or average hourly wages cannot be determined from this data.

<sup>1</sup> Comparisons are made a randomized five percent sample of the July 2010 caseload (n=12,454) and to a randomized three percent sample of the July 2011 caseload (n=7,270).

## Cases with a Support Order

In Maryland, current support is established based on presumptive guidelines that take into account the monthly income of both the noncustodial and custodial parents to determine the appropriate monetary amount necessary for the support of their children in common. The amount is then prorated between the parents, and a support order is established for the noncustodial parent. Generally, current support is due on a monthly basis, but it can also be due on a weekly or semi-monthly basis. If any current support payments are missed, arrears begin to accrue, and a separate order for arrears can also be established.

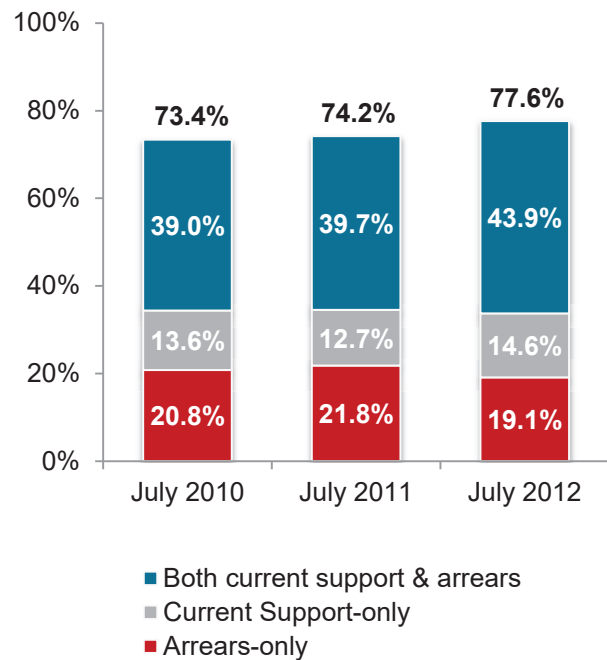
According to Figure 1, nearly 8 in 10 (77.6%) child support cases in July 2012 had an order for support. One-fifth (19.1%) of these cases had an order for only arrears, about one in seven (14.6%) had an order for only current support, and more than two-fifths (43.9%) had an order for both current support and arrears.

Compared to the cases in July 2010 and July 2011, cases in the July 2012 sample were about four percentage points more likely to have an order for support. Most of this growth is among cases that have an order for both current support and arrears, from 39.0% in the July 2010 sample to 43.9% in the July 2012 sample. Additionally, the increase in the percentage of cases with a support order may be related to the decline in the caseload size by nearly 30,000 cases, from 248,000 cases in 2010 to 220,000 cases in 2012 (OCSE, 2013).

In order to obtain support for children, an order for support must be established. Hence, the growth in cases with support orders is notable for families that need this assistance. Even so, there are cases that do not, at least at this time, have an order for support. Some cases, however, only require paternity establishment or an order for medical assistance.<sup>2</sup> Other cases may still require that paternity be established before a support order amount can be determined.

<sup>2</sup> About 8% of the July 2012 caseload either had an order for only paternity or medical assistance.

Figure 1. Cases with a Support Order\*\*\*



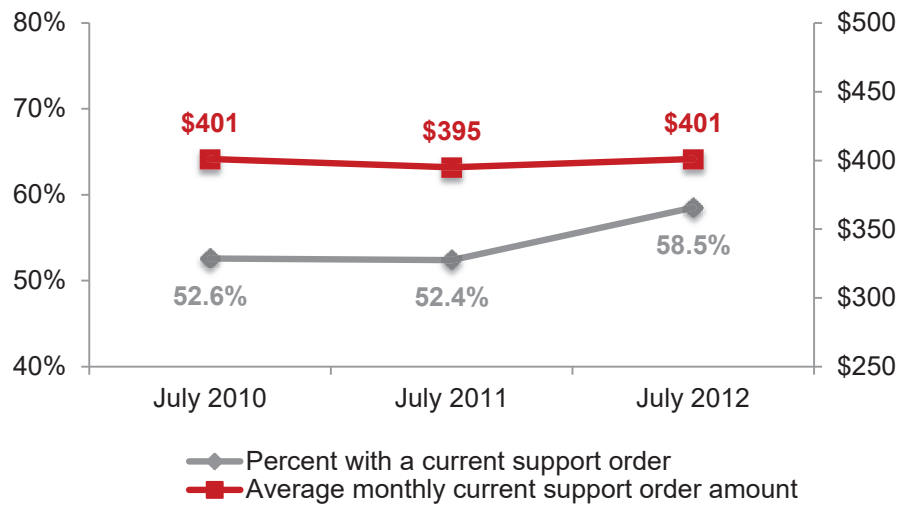
**Note:** Based on the order status of sampled cases in each month.

## Current Support Orders

An order for current support is not necessarily expected for all cases. For example, cases without established paternity cannot yet have an order for current support. Also, there are cases that are paternity-only or medical assistance-only cases. Additionally, some cases have children that have reached the age of majority. For those cases, current support is no longer due, although arrears may be.

Among the July 2012 sample, about 6 in 10 (58.5%) cases had an order for current support in the month of July, with an average monthly support order amount of \$401, as displayed in Figure 2. The percent of cases with a current support order increased over time by about six percentage points. In July 2010 and July 2011, about 52% of the sample had an order for current support. The average current support order amount has remained relatively stable, around \$400 for each of the three samples.

**Figure 2. Current Support Orders**



**Note:** Includes cases that have a current support order in the each of the respective study months. The current support order amounts are standardized to 2012 dollars. \* $p < .05$  \*\* $p < .01$  \*\*\* $p < .001$

### Current Support in the Previous Year

The previous analyses focused only on current support orders in the study month (i.e., July 2012), but the next few analyses will focus on the year prior to the study. Specifically, Table 1 provides the percent of cases with current support orders and payments in the year prior to July 2012. By extending this analysis to a full year, there are more cases with current support due during that time period than in the month of July 2012. Specifically, nearly two-thirds (63.0%) of the July 2012 sample had an

order for current support at some point between July 2011 and June 2012. An average of about \$4,300 per case was due in the year, and 8 in 10 (82.1%) of these cases had at least one payment, with total payments averaging about \$3,500. Fewer than one in five (17.9%) cases received no payments during the year; on the other hand, one in five (19.8%) cases received the entire current support obligation. Most cases fell in the middle range, however, with two in five (40.2%) cases receiving at least 50% (but not 100%) of owed current support.

**Table 1. Current Support in the Previous Year: July 2012**

<b>Percent of cases with current support due</b> ( $n=10,952$ )	63.0%	(6,899)
Mean [median] current support owed per case	\$4,324	[\$3,536]
<b>Percent of current support cases with a payment</b> ( $n=6,899$ )	82.1%	(5,665)
Mean [median] annual paid amount	\$3,515	[\$2,631]
<b>Percent of the current support paid</b> ( $n=6,899$ )		
0%	17.9%	(1,234)
1% to 49%	22.2%	(1,529)
50% to 74%	11.9%	(821)
75% to 99%	28.3%	(1,951)
100%	19.8%	(1,364)

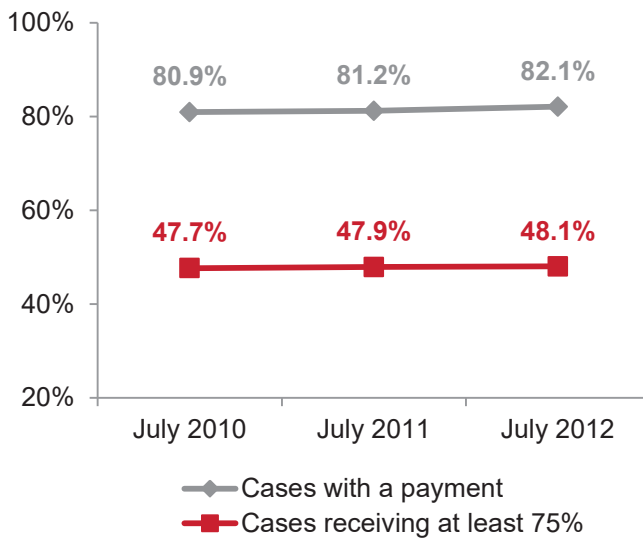
**Note:** All data is for cases with current support due between July 2011 and June 2012. Payments made by noncustodial parents are distributed among their various child support accounts; represented in this table is the payment amount that was distributed to a current support account.

## Current Support Payments

Comparing current support payments over time, in Figure 3, reveals that the percent of cases with at least one payment in the previous year has remained relatively stable. About 8 in 10 cases had a payment in the previous year, increasing slowly from 80.9% among the July 2010 sample to 82.1% for the July 2012 sample.

Ideally, cases with payments would receive most or all (75% or more) of their current support obligations throughout the year in order to fully support the children on those cases. Indeed, nearly half of all cases with current support due received at least 75% of the order amount. However, this has also remained relatively flat over time, from 47.7% in July 2010 to 48.1% in July 2012. While there has not been any growth in this figure over time, it is notable that nearly half of all current support cases receive most or all the current support that is due during the year.

**Figure 3. Current Support Payments in the Previous Year**



**Note:** Includes cases that owed any current support in the year before each of the respective study months, i.e., the July 2010 sample includes payments distributed to those cases between July 2009 and June 2010. \* $p < .05$  \*\* $p < .01$  \*\*\* $p < .001$

## Arrears Cases and Payments

Arrears accrue with each instance of non-payment to current support. Additionally, once an order is established, there may be an arrears balance if current support is retroactively ordered from the date in which current support was initially requested. Arrears can be difficult to pay down, especially by low-income non-custodial parents (Sorensen, Sousa, & Schaner, 2007). To address this difficulty, Maryland has an arrears forgiveness program that reduces the balance of noncustodial parents' state-owed arrears if they meet certain conditions.<sup>3</sup> The difficulty in managing arrears is also evidenced by the federal measure of arrears collections: the percent of cases paying on arrears rather than percent of arrears paid.

Table 2 provides information about the status of arrears among the July 2012 sample. More than three-fifths (63.0%) of the caseload had a monthly order for arrears, averaging \$112. Not all cases with arrears have an actual support order for arrears, however, as demonstrated by the slightly higher percentage (65.5%) of cases with an arrears balance in the study month. Cases with an arrears balance owed \$10,325, on average. This average is affected by very high balances since the median arrears balance is only \$5,313 (half of cases with a balance are above this amount and half of the cases are below this amount).

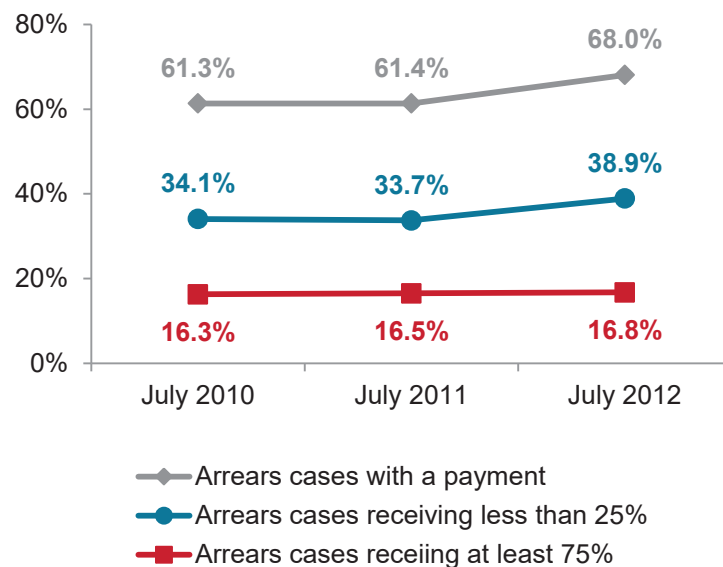
About one-third (32.0%) of cases had no payments to the arrears balance in the previous year. However, nearly 7 in 10 (68.0%) cases with an arrears balance had at least one payment, averaging \$1,030. Many arrears cases with a payment received less than 25% of the balance (38.9%). Still, an impressive one in six (16.8%) cases received at least 75% of the arrears balance.

<sup>3</sup> More information can be found here: [http://www.dhr.maryland.gov/blog/?page\\_id=11175](http://www.dhr.maryland.gov/blog/?page_id=11175)

Compared to the previous years, a higher percentage of July 2012 arrears cases had a payment, as shown in Figure 4. In fact, the percent of arrears cases with a payment in the previous year increased from 61.3% among the July 2010 cases to 68.0% in July 2012. Most of this growth, however, occurred among cases that received less than 25% of the arrears balance. In July 2010, 34.1% of arrears cases paid less than 25% of the arrears balance, increasing by nearly five percentage points in July 2012 (38.9%). On the other hand, the percent with payments amounting to 75% or more remained around 16% for each of the samples.

The growth in the percentage of arrears cases with a payment may be related to the smaller caseload size. Between 2010 and 2012, Maryland’s child support caseload declined by nearly 30,000 cases (OCSE, 2013). With a smaller caseload, the percentage of cases with a payment may increase while the number of cases with a payment can remain stable.

**Figure 4. Arrears Payments in the Previous Year\*\*\***



**Note:** Includes cases that have an arrears balance in the each of the respective study months. \*p<.05 \*\*p<.01 \*\*\*p<.001

**Table 2. Arrears Orders and Balances: July 2012**

<b>Percent of cases with an arrears order in July 2012</b> (n=10,952)	63.0%	(6,901)
Mean [median] monthly arrears order amount per case	\$112	[\$69]
<b>Percent of cases with an arrears balance in July 2012</b> (n=10,952)	65.5%	(7,176)
Mean [median] total balance per case	\$10,325	[\$5,313]
<b>Percent of arrears-balance cases with a payment in the previous year</b> (n=7,176)	68.0%	(4,883)
Mean [median] annual distribution amount	\$1,030	[\$551]
<b>Percent of the arrears balance paid in the previous year</b> (n=7,176)		
0%	32.0%	(2,293)
1% to 24%	38.9%	(2,793)
25%-49%	7.8%	(560)
50%-74%	4.6%	(328)
75%-100%	16.8%	(1,202)

**Note:** Payments made by noncustodial parents are distributed among their various child support accounts; represented in this table is the payment amount that was distributed to the arrears account.



## Child Support Case Characteristics

Most cases receive a current child support payment. In particular, about half of all cases with current support due in the previous year received 75 percent or more of the ordered amount. Nonetheless, about one in five cases did not receive any child support in a full year. The diversity of the child support program likely plays a role in the varied outcomes of child support compliance. That is, all individuals can participate regardless of income or financial status. This chapter will provide some context for the compliance outcomes by describing the characteristics of child support cases.

### Number of Children

Most child support cases are established for only one child, and this has been consistent over time.<sup>4</sup> As displayed in Table 3, three-fourths (74.8%) of the July 2012 sampled child support cases have only one child on the case, about one in five (18.9%) have two children on the case, and less than one in ten (6.3%) cases have three or more children on the case.

### Welfare Receipt

Also consistent over time is the percent of custodial families that received welfare through Maryland's Temporary Cash Assistance (TCA) program. While participation in the child support program is not limited to low-income families, the families that participate in the TCA program are required, with a few exceptions, to cooperate with the child support program. Child support that is paid while a custodial family receives TCA benefits are kept by the state to recoup the funds expended on TCA benefits. Furthermore, any current support that is unpaid while a custodial family receives TCA benefits accrues to the noncustodial parent as state-owed arrears.

Custodial families that face hardships and require the receipt of cash assistance are important to note since they may be in particular need of child support payments to facilitate self-sufficiency. In the July 2012 sample, just over three in five cases received TCA in the study month (9.7%) or at some point in the past (53.1%). Hence, fewer than two in five (37.2%) cases did not receive cash assistance in Maryland prior to July 2012.

### Cases by Jurisdiction

Maryland is a small but diverse state with a large central city—Baltimore City—and its surrounding suburbs as well as the suburbs of Washington, D.C. There are also rural areas near West Virginia or along the eastern shore of the state. According to Figure 5, 6 of every 10 child support cases is opened in three large jurisdictions—Baltimore City (29.7%), Prince George's County (18.6%), and Baltimore County (9.8%). Montgomery (7.9%) and Anne Arundel (6.1%) counties also have sizable child support caseloads. The remaining 19 jurisdictions have the balance of cases—27.9%—ranging from 0.4% to 3.0% of the statewide child support caseload. The distribution of statewide cases has remained stable over time.

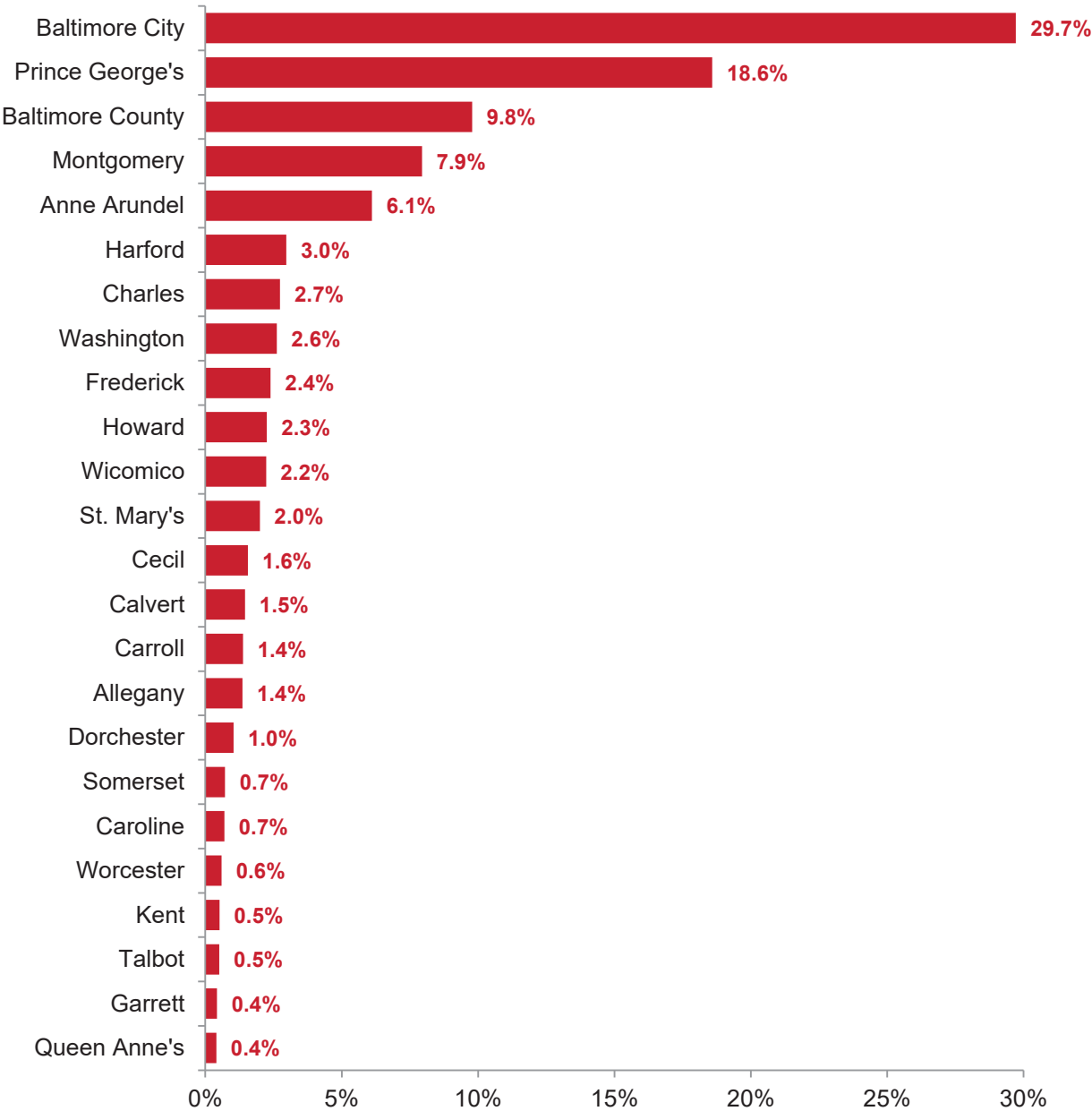
**Table 3. Case Characteristics: July 2012**

<b>Number of Children per Case</b> ( <i>n</i> =10,952)	
One	74.8% (7,135)
Two	18.9% (1,805)
Three or more	6.3% (602)
<b>Temporary Cash Assistance (TCA) Receipt</b> ( <i>n</i> =10,952)	
Current recipient	9.7% (1,061)
Former recipient	53.1% (5,812)
Never a recipient	37.2% (4,079)

**Note:** Due to missing data, counts may not sum to totals. Specifically, there were 1,410 sampled cases where the total number of children listed on the case in July 2012 was zero. Most of these cases were either arrears-only cases in which the child has emancipated from the case, or there was neither current support nor arrears due on the case in July 2012, indicating that paternity may still need to be established. Valid percentages are reported.

<sup>4</sup> Since case characteristics do not vary over time, we only provide the figures for the July 2012 caseload.

**Figure 5. Child Support Cases by Jurisdiction: July 2012**



## Children on the Child Support Cases

### Paternity Status

For a custodian seeking support, the process begins with paternity establishment. Before a court can determine an order amount for child support, a child's paternity must be legally established either through marriage, a voluntary affidavit of parentage, or a court order. In the July 2012 sample of 10,952 cases, there were 12,378 participating children, meaning that the child support agency was actively pursuing support for these children.

According to Table 4, nearly 9 in 10 (87.7%) children had established paternity, and less than five percent (3.2%) had a mother as the noncustodial parent, so paternity was not required. About one in ten (9.1%) children did not have established paternity, however. Paternity establishment has increased slightly over time, according to Figure 6. About 84% of participating children had paternity established in July 2010 and July 2011, and this increased by about three percentage points (87.7%) in July 2012.

**Table 4. Participating Children: July 2012**

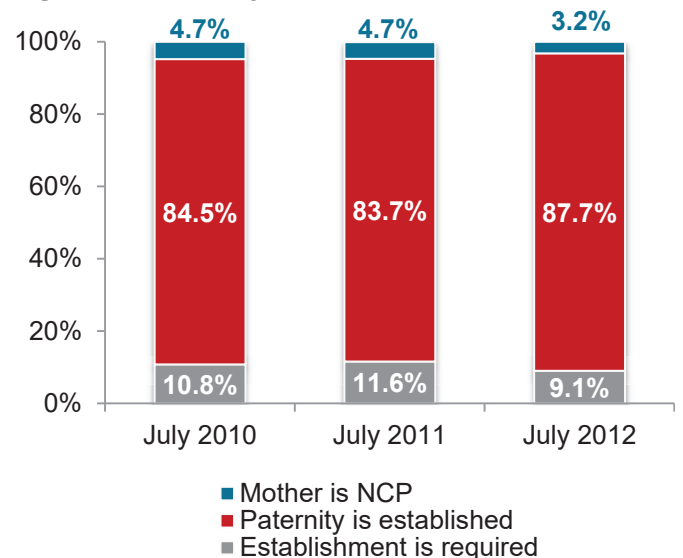
<b>Paternity Status of Children</b> ( <i>n</i> =12,378)		
Paternity is Established	87.7%	(10,856)
Mother is the NCP	3.2%	(402)
Establishment is Required	9.1%	(1,120)
<b>Age of Children</b> ( <i>n</i> =12,378)		
Newborn to 4 years	17.4%	(2,150)
5 to 9 years	24.7%	(3,062)
10 to 14 years	29.1%	(3,599)
15 to 18 years	21.3%	(2,634)
19 and older	7.5%	(930)
Mean [Median]	11.28	[11.40]

**Note:** Due to missing data, counts may not sum to totals. Counts only include participating children. Valid percentages are reported.

## Age of Participating Children

According to Table 4, the average age of participating children in the sample is 11 years, and this has been consistent over time. About one in five children were young—four years old or younger (17.4%)—or were older teenagers—between 15 and 18 years (21.3%). That puts more than half (53.8%) of children between the ages of 5 and 14. The few (7.5%) children older than 18 may still be on a child support case due to stipulations made in the court order or because the child is still in high school, since Maryland requires support as long as the child is attending high school (Maryland Department of Human Resources, n.d.).

**Figure 6. Paternity Status of Children**



**Note:** Counts only include participating children. Valid percentages are reported.



## Noncustodial Parents and Custodians

A child support case is generally composed of two adults: a noncustodial parent who is responsible for paying child support and a custodian who receives those payments to support the child in custody. Among the 10,952 cases in the July 2012 sample, there were 10,800 noncustodial parents. There are fewer noncustodial parents than number of cases because noncustodial parents can have more than one case as a noncustodial parent or as a custodian. The same applies to the 10,828 custodians in the sample.

### Demographic Profile

The demographic profile of noncustodial parents and custodians has remained stable over time. Most noncustodial parents are men (91.9%), although about 1 in 10 (8.1%) are women. Conversely, most (94.3%) custodians are women, and few (5.7%) are men. On

average, both noncustodial parents and custodians are in their late 30s. Noncustodial parents are slightly older—nearly two-thirds (64.0%) were 36 years or older, while less than three in five (57.5%) custodians were that old. Few noncustodial parents (6.3%) or custodians (9.7%) were 25 years old or younger.

### Employment & Earnings

About half of these individuals were working in a job covered by Maryland's Unemployment Insurance (UI) in the year prior to July 2012. Slightly more custodians (52.4%) worked in the previous year compared to noncustodial parents (45.5%), however. The data is limited to Maryland employment, so there are likely additional noncustodial parents and custodians who were working outside of Maryland. Among those working in Maryland, the average annual earnings for both groups were about \$26,000.

**Table 5. Noncustodial Parents and Custodians: July 2012**

	Noncustodial Parents (n=10,800)		Custodians (n=10,828)	
<b>Gender</b>				
Female	8.1%	(867)	94.3%	(10,183)
Male	91.9%	(9,878)	5.7%	(616)
<b>Age</b>				
17 - 25 years	6.3%	(681)	9.7%	(1,024)
26 - 35 years	29.6%	(3,186)	32.9%	(3,488)
36 - 45 years	36.6%	(3,934)	33.6%	(3,563)
46 years and older	27.4%	(2,948)	23.9%	(2,533)
Mean [Median]	39.62	[39.17]	38.48	[37.64]
<b>Race</b>				
African American	68.1%	(6,526)	65.3%	(6,363)
Caucasian	26.8%	(2,565)	30.0%	(2,926)
Other	5.1%	(488)	4.7%	(457)
<b>Employment</b>				
Percent Employed in Previous Year (July 2011 - June 2012)	45.5%	(4,870)	52.4%	(5,620)
Mean [Median] Total Earnings	\$26,663	[\$20,219]	\$26,205	[\$21,156]

**Note:** 24 individuals were a custodian on one case and a noncustodial parent on another; therefore, they are included in both groups. Employment data includes jobs covered by Maryland's Unemployment Insurance, which are reported on an aggregate quarterly basis; thus, we do not know how many hours or weeks individuals worked in a quarter or their hourly wage. Due to missing data, counts may not sum to totals. Valid percentages are reported.

## Conclusions

The receipt of child support is an important income resource for custodial families and is especially important for lower income families, helping them avoid poverty when child support is received (Sorensen, 2010). However, there are a number of steps to be completed before a child support payment can be made and distributed to custodial families. These steps include the establishment of paternity, the determination of a child support order amount, and the enforcement of the court order for support.

The Maryland Child Support Enforcement Administration has been rather successful in completing the steps leading to a child support payment. In fact, the establishment of paternity has increased slightly over time (from 85% in 2010 to 88% in 2012). The majority of cases have an order for support—current support, arrears, or both—and the percentage of cases with an order for support has increased slightly over time (from 73% in 2010 to 78% in 2012).

With the establishment of a support order, noncustodial parents can begin to make formal payments that are distributed to custodial families. Consistent between 2010 and 2012, 8 in 10 current support cases received at least one payment in a one-year period, and about half of current support cases received 75% or more of the obligation amount. Among cases with an arrears balance, the percentage with at least one payment in a one-year period has

increased over time, from 61% in 2010 to 68% in 2012. Even though these arrears payments tended to be small—more than one-third of cases received less than 25% of the arrears balance—a larger percentage of noncustodial parents were making an effort to reduce their arrears.

Even with this positive news, child support managers must continue to work diligently to ensure all children in the caseload receive child support. About one in five current support cases and one in three arrears cases did not receive any payments in a one-year period. These payments are especially important for vulnerable families, such as those who have received TCA benefits. Just under two-thirds of the child support caseload has received TCA benefits at some point, suggesting that regular receipt of child support could increase the chances of self-sufficiency for those custodial families.

The public child support program is one of the largest child-focused public programs in Maryland, with direct and long-term effects on the lives of thousands of Maryland's children and their families. The program is meant to improve the economic security and well-being of children, often over the entire course of their youth. Considering this broad, overarching goal, as well as many of the findings presented in this report, it is in the best interest of the state and its children to continue making progress in the collection of current support and arrears for these families.

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