



MODERNIZING MARYLAND'S CHILD SUPPORT GUIDELINES

A CASE FOR SUPPORT

FACTS

Nearly 500,000 Maryland children live in single-parent families and are eligible to receive financial support from the other parent. Single-parent families have more than twice the poverty rate as all Maryland children.

ISSUE

Maryland has not raised its child support guidelines that establish child support awards since 1988, leaving many custodial parents who depend on child support payments to struggle financially – especially in this economic climate. The Maryland Department of Human Resources (DHR) – the state agency responsible for collecting child support and transferring it to parents who have custody of children – is proposing to modernize Maryland's child support payment rates to reflect the costs of raising a child in 2009.

BACKGROUND

In the 1980s, the federal government required states to adopt and apply uniform guidelines when calculating child support awards. Maryland's child support guidelines were last updated in 1988. The law requires Maryland's Child Support Enforcement Administration (CSEA) to review the guidelines every four years to ensure that the amount of child support ordered is adequate to raise a child given current economic conditions.

HOW WAS THE CURRENT CHILD SUPPORT CALCULATION DETERMINED?

The Maryland Department of Human Resources hired a consultant to develop the current child support guidelines. A multitude of economic data from the 1970s and 1980s make up the current Maryland child support guidelines formula.

HOW IS DHR PROPOSING TO CHANGE THE CALCULATION?

The proposed calculation reflects how much it costs to raise a child in Maryland and considers 2008 economic data including: price levels; federal, state and local income tax rates and FICA; poverty guidelines; federal and state minimum wage levels; housing costs; average out-of-pocket medical expenses for children in 2000; family expenditures data from 1997- 2004. The proposed calculation also considers Maryland and national data as well as the annual Consumer Expenditures Survey which surveys 6,000 households throughout the country, including in Maryland.

WHAT IS DHR PROPOSING?

The department is proposing to do three main things: 1) update the current child support guidelines to reflect current economic data; 2) expand the current schedule to include monthly combined incomes up to \$30,000; and 3) update the self-support reserve to ensure that non-custodial parents have sufficient income available to maintain a minimum standard of living which does not negatively affect their earning capacity.

HOW WILL THE PROPOSED GUIDELINES SCHEDULE HELP MARYLAND CHILDREN?

Maryland children whose parents are divorced, separated, or were never married share in the financial resources of both parents at a fair and equitable level. A guideline schedule that includes current economic data benefits both low and high income families by: 1) revising the guidelines schedule by maintaining the minimum order of \$20 - \$140, but expanding to incomes just below the new minimum wages (\$1,256 per month gross), as of July 2009 would provide some relief to low-income obligors. 2) raising the income levels from \$10,000 to \$30,000 per month provide equal determination of child support child support awards for parents at higher parental income.