

# Child Support Payments Should Support Families, not Government

*Position Statement in support of Senate Bill 1009*

*Given before the Senate Finance Committee*

When a Maryland parent makes a child support payment to a custodial parent who receives Temporary Cash Assistance, the parent caring for their child doesn't receive any money; it instead goes to the government. Implementing a Child Support Pass Through and Disregard policy for Maryland families receiving Temporary Cash Assistance would instead give a small boost to families who are struggling to make ends meet, increase formal payments made by non-custodial parents, and support the local economy. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 1009.

Under current law, child support payments made to recipients of Temporary Cash Assistance are retained by Maryland and split between the state and federal government to recoup the cost of providing assistance. This system creates a disincentive for non-custodial parents to make child support payments because the money does not go toward supporting their child. Instead, evidence shows that they are more likely to make informal payments directly to the custodial parent, which creates potential legal problems for both parents, even though they are focusing on their child's best interest, and can lead to declining support payments.<sup>i</sup> Even following the relatively short duration that a custodial parent may receive TCA, it is unlikely that the non-custodial parent will begin making formal child support payments, since research shows that once a parent stops engaging with the child support system the chances that they will reengage are low.<sup>ii</sup> Passing through a portion of child support payments to the family provides motivation for non-custodial parents to make, and continue making, formal payments, since their children will benefit from the money.

Twenty-three states already allow the pass through and disregard of at least a portion of child support payments made to TANF recipients and have been successful in increasing payments.<sup>iii</sup> When the District of Columbia implemented a Pass Through and Disregard policy, payments by non-custodial parents to TANF families increased by 5.6 percent the first year and nearly 11 percent in two subsequent years.<sup>iv</sup>

Allowing families to retain up to \$100 per month in child support for one child and \$200 for two or more children would make a significant difference in children’s wellbeing. Even with cash assistance, TCA families still struggle to afford basic necessities. An extra \$100 or \$200 per month would make a huge difference, helping pay for things like diapers, clothing, and school supplies. Receiving child support also makes it easier for families to get by when they stop receiving cash assistance.

Because the federal government would forgo its share of child support payments collected in Maryland, Senate Bill 1009 keeps that money in Maryland. This money will go directly to some of the poorest families in Maryland, who are then able to put it back into the local economy by purchasing food, clothing, and other necessities.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee give a favorable report to Senate Bill 1009.**

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<sup>i</sup> Child Support Pass-Through Amounts Must be Increased, Victoria Palacio, Center for Law and Social Policy, September 16, 2016. <http://www.clasp.org/cross-cutting/in-focus/child-support-pass-through-amounts-must-be-increased>

<sup>ii</sup> More Child Support Dollars to Kids: Using New State Flexibility in Child Support Pass-Through and Distribution Rules to Benefit Government and Families, Paul Legler and Vicki Turetsky, Center for Law and Social Policy, July 2006. <http://www.clasp.org/resources-and-publications/files/0305.pdf>

<sup>iii</sup> Child Support Pass-Through and Disregard Policies for Public Assistance Recipients, National Conference of State Legislatures, September 9, 2016. <http://www.ncsl.org/research/human-services/state-policy-pass-through-disregard-child-support.aspx#Additional>

<sup>iv</sup> Evaluation of the \$150 Child Support Pass-Through and Disregard Policy in the District of Columbia, Kye Lippold, Austin Nichols, and Elaine Sorensen, The Urban Institute, November 2010. <http://www.urban.org/sites/default/files/publication/23436/412779-Evaluation-of-the-Child-Support-Pass-Through-and-Disregard-Policy-in-the-District-of-Columbia.PDF>