

The Abell Report

What we think about, and what we'd like you to think about

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Between A Rock And A Hard Place: Low-Income Noncustodial Parents, Child Support, And Counterproductive Public Policies

ABELL SALUTES Sister Charmaine, St. Ambrose and St. Vincent DePaul — for improving quality of life — by the numbers

Of good intentions to come-to-the-aid-of-the-poor, there is no shortage; many hearts and minds are at work. But in an area of social service that is more art than science, actual measurements of results are hard to come by. Which makes the work of Sister Charmaine Kroh notable: In the distressed southern Park Heights neighborhoods where she moves words into deeds, she keeps track. She has numbers.

Sister Charmaine directs the St. Ambrose Outreach Center, now partnered with the St. Vincent DePaul Society, operating in new, state-of-the-art administrative headquarters at 3445 Park Heights Avenue. The streets that once were home to the middle class are now an unhappy mix of the worst of the social pathologies—drugs, hunger, alcohol, domestic violence, crime, joblessness, low graduation rate. But the size and stubbornness of the problems do not deter her in her work—to turn lives, and a neighborhood, around.

In the scheme of things, in the larger

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Gregg, a 43-year-old African American, is struggling to build a life of self-sufficiency and responsible parenthood. After 20 years of drug addiction, he has been sober for the last 38 months. In August of 1997, he graduated from Baltimore's Christopher Place Employment Academy where he learned to read and acquired job readiness skills. In June 1997, Gregg began working for the Baltimore City Sanitation Department for \$6.43 an hour. Since then, he has received two promotions and now earns \$10.97 an hour.

Gregg is the father of twin girls and a boy. He is actively involved in the lives of his children and supports them financially. Of his weekly earnings of \$319.57, Gregg pays \$191.87 in child support. Monthly, he pays \$767.48 in child support, leaving him \$510.80 to live on. Gregg manages to get by because he resides in Christopher Place Community House, subsidized community housing. Without this alternative, Gregg would probably become homeless and unemployed, as he was for many years, and be unable to provide any kind of support – emotional or financial – to his children.

In addition to the weekly child support payments he currently makes, Gregg owes \$32,000 in child support arrearages, which accumulated during his 20 years of active drug addiction.

Gregg's situation illustrates the dysfunctional and punitive effects of our current child support system as it functions for low-income noncustodial parents. No one would question the obligation for non-custodial parents (NCPs) to provide financial support for their children. And, certainly, the needs of low-income children are abundantly clear.

Nonetheless, one must question a child support system that buries low-income NCPs with a burden of debt they cannot possibly discharge, that defeats any hope they may have for financial stability and self-sufficiency,

and ultimately, drives many low-income NCPs out of the formal job market and into the underground economy. The State needs to ask itself whether its approach to these parents is doing more harm than good. Is it punishing these low-income fathers in a way that is actually hurting their children?

In a recent paper, *Improving Child Well-Being By Focusing on Low-income Noncustodial Parents in Maryland*, published by The Abell Foundation, Wendell Primus and Kristina Daugirdas examined the failings of the current child support system. In its place, they pro-

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pose a less punitive system that would result in greater financial and emotional support for low-income children and offer low-income NCPs a better shot at a life of dignity and self-sufficiency.

Failings of the Current System

The current system fails, according to Primus and Daugirdas, because it does not do a good job of helping low-income NCP (primarily fathers) meet their children's needs:

- It is punitive and inflexible.
- It lacks the resources to help fathers gain and maintain employment, thereby enabling them to make financial and emotional contributions to their children's lives.
- It fails to address the larger reality that even the combined income of two low-income parents may be insufficient to meet their children's needs and must be augmented by public monies.

The conclusion that the current system is unduly punitive and inflexible rests on the related issues of arrearages and the size of support orders. Under the current system, low-income NCPs often accumulate large arrearages. While they are unemployed, underemployed, incarcerated, or incapacitated, their child support debt continues to grow. Of those fathers who currently owe child support in Baltimore, 84 percent have accumulated an arrearage, the average amount of which is \$9,100. NCPs are required to pay a portion of the arrearage each month along with

Excessive child support orders are counterproductive, often leading noncustodial fathers to move into the underground economy and avoid all payments on behalf of their children.

their established child support order. Failure to pay can trigger a number of sanctions, some of which make it more difficult, if not impossible, for poor fathers to hold a job. Enforcement tools include: garnishing wages, seizing assets, suspending driver's and occupational licenses — even imprisonment.

The large arrearages (and other financial woes) of low-income NCPs stem, in part, from the size of the child support orders generated by Maryland's guidelines for setting child support payments, the fourth highest in the nation. For example, in Maryland, an NCP with two children and a gross income of \$10,000 a year is required to pay about \$2,900 a year in child support. For many low-income NCPs, the Maryland guideline generates a child support order that they cannot realistically pay.

Reducing the size of support orders for low-income NCPs, however, is not an adequate solution unless additional steps are taken to ensure that children in custodial families are not made worse off. In the following section, additional steps are suggested that address the need to provide custodial parents with sufficient resources

to raise their children.

Not only are child support orders often unreasonably high, they are not easy to modify when NCPs' incomes fluctuate. Low-income fathers experience instability in their income as they move in and out of the labor market or from one job to another. Their income changes; the support order does not.

NCPs face a strong disincentive to pay child support if their children are receiving cash assistance (welfare). In these cases, *none* of the child support they pay makes their children better off. Instead, the money goes to the State as reimbursement for the cash assistance. As one observer noted, the biggest incentive for making regular and timely payment of child support would be knowing that the payment makes a real difference in the children's lives. Under Maryland's current system, this incentive is *entirely removed* for NCPs whose children receive cash assistance.

Finally, the collection mechanism established by the State and Federal government drives low income fathers from the work force. Arrearages continue to increase while a father is in prison or unemployed. In Maryland there is no cap on arrearages as there is in other states. Fathers' driver's licenses are confiscated. Their credit is destroyed. And as a final ignominy, in spite of the Constitution's prohibition of imprisonment for debt (which was in reaction to the founding father's abhorrence of debtors' prisons) fathers are imprisoned for up to three years for non-payment (and their arrearage increases while in jail as noted above).

In that connection, in FY 1999 in Baltimore City, 1,538 NCPs were in-

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carcerated at the Baltimore City Detention Center, either pending trial or post sentence.

New Vision for a Better System

Advocates for poor women and children may be hesitant to engage in public debate about the shortcomings of the current child support system, fearing that any change might reduce the already meager and inadequate financial resources available to custodial parents. Primus and Daugirdas show that this fear is unfounded and that the real disservice is to allow fathers, mothers, and children to suffer the considerable inadequacies of the current system.¹

In their vision for a more humane *and* more effective system, Primus and Daugirdas suggest seven changes that would transform the focus and operation of the child support system.

Step 1: Making Compliance Reasonable and Realistic

An improved child support system would be based on support orders that are reasonable and realistic for low-income NCPs. In addition, the system would recognize that many low-income NCPs have unstable employment situations; and the system would, therefore, include a flexible and timely order-modification process. These changes would encourage more regular compliance with child support orders and would reduce the accumulation of large arrearages.

Large arrearages are one of the dysfunctional outcomes of the current

system. Burdened by debt they cannot hope to pay, many fathers are driven out of the formal job market and into the underground economy, where they are beyond the reach of most, if not all, social services that might aid them or their children – job training, tax credits for low-income workers, and, of course, child support enforcement.

An improved system with realistic support orders and a timely modification process would reduce the accumulation of large arrearages in the future. For fathers now owing such arrearages, three solutions are possible:

- The arrearage owed the State could be reduced by a specified amount or percentage each month that the NCP makes a current payment. For example, for every dollar in current child support paid, one dollar of arrearage would be forgiven.
- The State could implement a graduated forgiveness policy. For example, if the NCP paid his child support regularly for a year, 30 percent of past due child support owed to the State would be forgiven. If the NCP paid regularly for a second year, 20 percent of the remaining arrearage would be forgiven. If he paid

An improved child support system would transform itself from being primarily a collection agency to being primarily an agency focused on helping low-income NCPs prepare for, find, and maintain employment.

regularly for a third year, 15 percent of remaining arrearage would be forgiven, and so on.

- One-time amnesty is another option, in which a portion of the debt owed to the state up to a particular point in time would be forgiven (with the understanding that this forgiveness would not be offered a second time). This may be the *only* option that will work for NCPs who have accumulated very large arrearages and are reluctant to return to the formal child support system.

Step 2: Employment Services

An improved child support system would transform itself from being primarily a collection agency to being primarily an agency focused on helping low-income NCPs prepare for, find, and maintain employment so that they can build better lives for themselves and their children. Toward this end, the new child support system would offer employment services including: job search activities, job readiness training (training about punctuality, reliability, stress management, conflict resolution, etc.), on-the-job training, publicly-funded jobs, and job retention services to help NCPs keep the jobs they find.

These employment services are intended to increase the earnings and job stability of NCPs, which would help them meet their child support obligations on a more regular basis. As an additional incentive to participate regularly in employment services, an NCP would be eligible for a stipend while he is attending training activities and receiving no compensation. Providers of employment services would work closely with the child support enforce-

¹ A small demonstration project, conducted by the Maryland Department of Human Resources in Baltimore City, incorporates some aspects of the new child support system proposed here by Primus and Daugirdas. For more information, contact: Mark L. Veney, Special Project Officer at 410-767-0603.

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ment office to ensure that when NCPs are earning wages, they are also paying child support.

Step 3: Health Care Coverage

An improved child support system would give low-income NCPs access to health care coverage under Medicaid while they are complying with the child support enforcement system. This would encourage participation in employment services and compliance with the child support agency.

Step 4: Case Management

Many low-income NCPs need support and assistance in order to successfully negotiate the child support and employment services systems. An improved child support system would institute a comprehensive case management system, which would provide this support and make critical linkages between child support and employment services systems.

Step 5: Parenting and Relationship Building Services

By providing parenting and relationship-building services to both custodial and noncustodial parents, the new child support system would help separated parents work together for the health and well-being of their children, regardless of the current status of their romantic relationship. Fathers who are actively involved in their children's lives are more likely to pay child support than are uninvolved fathers. (It is unclear which factor, support payment or active involvement, is the causal factor in this dynamic.)

As policies are initiated to increase NCP's involvement with their children, care must be taken to ensure the safety of mothers and children. Programs must

An improved system would restore the economic incentive, now absent if custodial families receive welfare, for low-income fathers to provide child support.

have the capacity to effectively address domestic violence when it is revealed.

Step 6: Economic Incentives for Payment

As has been noted, the current child support system is failing to take advantage of the most natural and basic incentive for a low-income NCP to pay child support, namely, the desire to materially improve the lives of his children. Under the current system, children receiving cash assistance get exactly the same amount of support whether or not their father contributes. This stands reason on its head. Economic incentives must be reintroduced to the system, a goal which could be achieved in two ways:

- An improved system would be structured so that a father's support payment *did* have a direct impact on the amount of money available to the children. This could be achieved by instituting a "disregard." When calculating the amount of a monthly welfare check, a portion of income from child support would be ignored, or disregarded. Under the current system, a custodial family's welfare check is reduced dollar-for-dollar whenever child support is collected. A disregard of 50 percent, for example, would instead

reduce a welfare check by 50 cents for every dollar of child support that is paid. In this way, families are better off when fathers pay child support. Presumably, this would reintroduce the possibility for more low-income fathers to see child support payment as a logical expression of their paternal feelings and/or responsibility.

- The employment efforts of low-income NCPs could be rewarded and amplified by a matching-payment mechanism. Primus and Daugirdas propose the establishment of an income supplement, a Child Support Incentive Payment (CSIP), that would match (at varying rates based on income) child support payments made by low-income NCPs. For example, under current guidelines, an NCP with \$10,000 in earnings who has two children in a custodial family that also has \$10,000 in earnings owes \$2,784 in child support. In an improved system, with reasonable support orders and CSIPs, that support order would be lowered to \$1,500, and when it is paid by the NCP, it would be matched with a CSIP of \$1,500, for a total of \$3,000.

The benefits of such a system would be twofold. First, it would encourage fathers to find employment and pay child support, because the CSIP would augment their payments, giving them a more substantial impact on the lives of their children. Second, it would help address the apparent conundrum we now face, namely that while current support orders may be unrealistically high for low-income NCPs to pay, they still fall short (even when fully paid) of

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providing adequate support for children. The CSIP would fill the gap between the amount it actually takes to raise a child and the amount of support a low-income NCP can reasonably be expected to pay.

Rather than trying to get blood from a stone, the proposed system of matching payments would acknowledge that even when low-income NCPs try their hardest and are fully employed, their earnings often fall short of the mark. By augmenting the earnings of low-income fathers, the new system would offer them a chance to participate meaningfully and successfully in work and responsible parenthood, experiences that the current punitive system denies to them.

Step 7: Assured Child Benefit

In a number of cases, child support payments will not be forthcoming from the NCPs despite the cooperation of custodial families and the best efforts of child support enforcement offices. In these cases, none of the changes proposed above, including the disregard and the CSIP, would benefit the children and their custodial parent. An improved system would provide an alternative safety net for these families through an Assured Child Benefit (ACB). Under the ACB, the state would provide a guaranteed child support benefit to these custodial families.

In sum, Primus and Daugirdas have proposed a new vision for the child support system that would transform it from a system that attempts to enforce child support (often with limited success, or worse, with counterproductive outcomes) to one that more fully addresses the needs of the whole family, in part by increasing the employment of low-income fathers. The system they

envision is designed both to make compliance with the child support system more reasonable for low-income NCPs and to increase their motivation to pay child support regularly. This, it is hoped, will enhance the well-being of low-income children living in separated families by providing them with greater measures of paternal support, both fi-

nancial and emotional.

To obtain a copy of the full report, *Improving Child Well-Being By Focusing on Low-income Noncustodial Parents in Maryland* by Wendell Primus and Kristina Daugirdas, please write to The Abell Foundation, 111 S. Calvert St., Baltimore, MD 21202. ■

Poor children face a bleak future without an improved child support system.

Child support is especially important for poor, custodial families. For those who receive it, child support represents one-quarter of their income. However, many eligible families do not receive child support, and most eligible families do not get the full amount due to them.

Of all cases in Baltimore City with an established child support order (the legal prerequisite for child support collection), fewer than one-fifth of cases (16 percent) were fully paid in 1999. More than one-third did not receive any child support payments at all. Nationwide, in 1996, only 22 percent of poor children with one noncustodial parent both had a child support order and received some financial assistance from their NCP.

For those families receiving welfare, improving the child support enforcement system has become especially urgent since the welfare reforms of 1996. Revised welfare regulations set time limits on the receipt of cash assistance from the State. In a future without either child support payments *or* cash assistance to augment their earnings or tide them over between jobs, many low-income custodial parents will be hard pressed to provide for their children.

ABELL SALUTES

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context of the distressing numbers, Sister Charmaine's record for "getting things done" may be viewed as modest, but don't tell that to the people living in southern Park Heights Avenue whose lives have been touched by the Sister and her work. In the past year, through the center's programming, they can point to Sister Charmaine's numbers—so far this year...

- * 15 adults have earned their GED's
- * 10 have been placed in jobs
- * 1,500 have been fed lunches
- * 25 are now taking a literacy course, and are working towards their GED
- * 300 families have received supplementary food

Of course, not all data in support of Sister Charmaine's efforts are hard; some are soft. Major John McEntee, Commander at the Northwest District, says, "We seldom get calls from the people in the several blocks where Sister Charmaine lives and works. I think that is because she has made it her business to know everybody and to be there for them—those not in trouble and those that are, including the junkies. I took a walk with her through the area. We must have stopped and talked to 30 people. I could tell by the conversations how much Sister has helped these neighborhood families, She is their advocate in the support agencies that they are involved with. Without quoting numbers, I know she is making a difference."

The Abell Foundation salutes Sister Charmaine, who with the help of the St. Ambrose Outreach Center, and the St. Vincent de Paul Society, do not merely *aspire* to improve the quality of life in southern Park Heights, they are making it happen. ■

Recent Grants by The Abell Foundation

Baltimore City Public School System **\$75,800**

For support of the 2000-2001 100 Book Challenge, an independent reading program for students in Baltimore City public elementary schools.

BCPSS/Upton School **\$107,800**

For the implementation of a technology based program for students with medical or discipline problems.

East Harbor Village Center, Inc. **\$30,000**

For a three-month study on the feasibility of organizing a cooperative to provide energy products and services.

Helen Keller International (New York) **\$288,410**

For continuation of the Baltimore ChildSight vision screening program for students in Baltimore City middle schools for the 1999-2000 school year. The program provides on site refractive error eye examinations and eyeglasses to children who otherwise could not afford them.

I Can't, We Can **\$191,658**

For the acquisition and renovation of three houses in West Baltimore to provide transitional housing for recovering addicts.

Johns Hopkins University School of Medicine **\$75,000**

For a four-month feasibility study of establishing a medical Technology Park at JHU within the Empowerment Zone.

Maryland State Department of Education **\$150,000**

Additional funding for an evaluation of the Maryland School Performance Assessment Program (MSPAP) study.

St. Ambrose Housing Aid Center **\$50,000**

For continuation of a study of fraudulent mortgage lending practices in Baltimore City.

Teach For America-Baltimore **\$75,000**

For expenses related to the cost of recruiting, selecting, training and building an ongoing support network for Teach For America corps members and alumni currently teaching in 31 Baltimore City public schools.

University of Maryland School of Nursing **\$77,200**

For the development of "Pathway to Professional Nursing," a high school nursing academy for students in Baltimore City schools.

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- "Will Smart Growth produce smart growth?"** While the concepts embraced are sensible and well-intentioned, questions remain as to how effective the law is likely to be.
- "Baltimore's poor children learn as much as middle-class children during the school year, but fall behind during the summer, Hopkins researchers document."** If disadvantaged students stayed in school 12 months, would they progress academically at the same rate as middle-income students? New research shows that the answer is, "Yes."
- "Street smart activists use street wisdom to turn around broken lives and broken neighborhoods."** The program's lack of sophistication and system may be in the end its strength, making it for some a last best hope.

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