CONFRONTING CHILD SUPPORT DEBT:
LESSONS LEARNED FROM MARYLAND’S
ARREARS STUDY

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REGION II & REGION III
GOOD IDEAS AND PROMISING PRACTICES MEETING
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“BEST PRACTICES” IDENTIFIED IN OTHER STATES

- Minimize default orders
- Better guidelines for low-income obligors
- Limit use of retroactive support orders
- Develop readable materials
- NCP employment programs
- Increase reviews & adjustments
- Strengthen enforcement
- Monitor cases
- Arrears forgiveness
- Don’t charge interest
- Arrears forgiveness
- NCP employment programs
But what would work best in Maryland?
STUDY OF MARYLAND ARREARS

• In-depth analysis of the composition of Maryland’s arrears caseload
  – Factors that contribute to debt accumulation
  – Factors that facilitate collections
• Utilized administrative data
• First report will serve as a baseline
POINT #1: THERE IS NO ARREARS PROBLEM IN MARYLAND.

• There are several.
• Many factors contribute to the current debt.
  – E.g., very old debt, cases with no direct payment ever, incarceration
• Many strategies will be needed to fix it.
  – E.g., case review & clean up, automated matches, employment programs, review & adjustment of orders
POINT #2: NEED TO THINK ABOUT WHAT YOU WANT TO IMPACT.

• Generally, strategies will effect either the number of cases with arrears or the total amount of debt.

• The decision to use a particular strategy should be based on a conscious choice of which of these numbers you want to move.
EMPirical BASIS FOR POINT #2

<table>
<thead>
<tr>
<th>Total Arrears Debt in Sample Month</th>
<th>Percent of Debtors</th>
<th>Percent of Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$1.00-$5,000</td>
<td>46.4%</td>
<td></td>
</tr>
<tr>
<td>$5,001-$10,000</td>
<td>16.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>$10,001 - $25,000</td>
<td>24.4%</td>
<td>10.7%</td>
</tr>
<tr>
<td>$25,001-$50,000</td>
<td>35.2%</td>
<td>10.4%</td>
</tr>
<tr>
<td>$50,001+</td>
<td>31.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15.7%</td>
</tr>
</tbody>
</table>
POINT #3: HOPE & ENTHUSIASM SHOULD BE TEMPERED WITH REALISM.

- Depending on the composition of the caseload & debt, some strategies can make only a small impact on the total debt.
POINT #4: OVER TIME, MANY SMALL EFFECTS CAN ADD UP TO BIG CHANGE.
POINT #5: STATE SUCCESS DEPENDS HEAVILY ON SUCCESS IN THE LARGE JURISDICTIONS.

- True in general & may be even more true about arrears management.

Average Amount Owed in Arrears (Per Case)
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