

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 16 (Senator Sydnor)  
 Judicial Proceedings

**Child Support - Earnings Withholdings Limits**

This bill limits an earnings/wage withholding order from exceeding 25% of an obligor’s “disposable earnings” for the combined support order and arrearage if the obligor’s individual income for the current year does not exceed 250% of the federal poverty guidelines, unless the obligor was determined to be voluntarily impoverished at the time of the most recent order. An earnings/wage withholding notice sent to an obligor’s employer must include information relevant to the bill’s limitation. The bill also authorizes an employee to contest the amount of a withholding order based on the limits specified in § 10-122 of the Family Article. “Disposable earnings” means that part of the earnings of an individual remaining after the deduction from those earnings of any amounts required by law to be withheld.

**Fiscal Summary**

**State Effect:** General and federal fund expenditures for the Department of Human Services (DHS) increase by *at least* \$3.8 million in FY 2027 for staff and one-time programming costs; federal fund matching revenues increase accordingly. Future year expenditures reflect annualization and inflation. The bill is not anticipated to materially affect the workload of the Judiciary or the Office of Administrative Hearings (OAH).

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FF Revenue	\$2.5	\$0.5	\$0.6	\$0.6	\$0.6
GF/FF Exp.	\$3.8	\$0.8	\$0.8	\$0.9	\$0.9
Net Effect	(\$1.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill is not anticipated to materially affect circuit court operations or finances.

**Small Business Effect:** Potential meaningful.

## Analysis

### Current Law:

#### *Earnings Withholding Limitations – § 10-122 of the Family Law Article*

Statute includes numerous requirements regarding the use of earnings withholding orders, which are orders issued to an employer to require the deduction of certain support payments (e.g., child support, spousal support) from the earnings of an obligor.

Generally, the amount of an earnings withholding must (1) be enough to pay the support and any arrearage included in the payments required by the support order and (2) include any arrearage accrued since the support order. When arrearages are part of an earnings withholding order or earnings withholding notice, the total arrearage withheld must be in one lump-sum payment or apportioned over a period of time. The amount of the arrearage withheld must be determined by the court or, in a case in which the Child Support Administration (CSA) is providing services, by CSA. The amount of arrears apportioned to each payment must be at least \$1 but not more than 25% of the current support payment.

If there is more than one earnings withholding order or earnings withholding notice against a single obligor, CSA must allocate amounts available for withholding, giving priority to current support, up to the limits imposed by the federal Consumer Credit Protection Act (CCPA).

#### *Contents and Effect of Orders*

An earnings withholding order or notice sent to the obligor's employer must be a separate document (not including any other orders or pleadings), and must include, among other information, the amount to be withheld from the obligor's earnings, including explanation of the application of CCPA. The employer is then required to withhold the stated amount on a regular and continuing basis beginning at the start of the next pay period after receipt of the order/notice.

An earnings withholding order or notice is binding on each present and future employer of the obligor on whom a copy of the earnings withholding order or notice is served. Subject to federal law, an earnings withholding order or notice has priority over any other lien or legal process. The copy of the earnings withholding order or notice served on the employer of the obligor must contain a statement that upon willful violation of the order or notice, the employer is subject to civil penalties.

### *Earnings Withholding Orders Upon Request of Obligor or in Contempt Proceedings*

Upon request of the obligor, the court must immediately authorize service of an earnings withholding order. A court may at any time issue an earnings withholding order in a contempt (or other) proceeding if (1) the recipient or the support enforcement agency has filed a petition that includes a request for an earnings withholding order and (2) the obligor is in arrears in support payments of more than 30 days.

A hearing must be held if the obligor appears and contests the issuance of the order. The amount of the order must be enough to pay the support as originally entered by the court and may include a part of the arrearage.

### *Administrative Contests of Withholdings*

Statute outlines the process for an employee to contest a withholding, request an investigation, and initiate an appeal of the CSA's decision (to be heard by OAH).

In general, the only issues that may be contested, initially or in an appeal, are (1) the identity of the employee; (2) whether there is an underlying court order requiring the employee to provide health insurance coverage for the employee's child; (3) that the amount of the withholding exceeds the limits of CCPA; and (4) that the child for whom health insurance coverage is sought is emancipated.

"Earnings" includes (1) any form of periodic payment to an individual, including an annuity, a pension, Social Security payments, worker's compensation payments, and unemployment insurance benefits and (2) any commissions or fees paid in connection with the obligor's employment.

**State Fiscal Effect:** General and federal fund expenditures increase by *at least* \$3.8 million in fiscal 2027, and by *at least* \$794,000 annually thereafter. Federal fund matching revenues correspondingly increase with federal fund expenditures.

DHS advises that it has no readily available automated means of determining the disposable income of obligors prior to issuing an earnings withholding notice. Accordingly, a process must be developed in order to determine the current (within the last 12 months) income of potentially affected obligors and whether the 25% garnishment cap applies, and to calculate the amount to be withheld and included on the withholding notice sent to the employers. According to DHS, under current practice, *employers* calculate appropriate deductions and disposable earnings relevant to CCPA *after* receipt of the withholding notice.

To facilitate implementation of the bill and update the functionalities of the Child Support Management System to allow for necessary manual inputs and adjustments,

State expenditures increase by approximately \$3.1 million in fiscal 2027 for programming costs.

In addition to the programming costs, DHS advises that it requires 29 caseworkers (one for each of the 24 local child support offices, with an additional caseworker in the five metro offices) to manually make necessary calculations and ensure that proper, timely notices are sent to employers. DHS also notes that fluctuating incomes for some obligors further exacerbate the challenges of implementation. Additionally, DHS notes that the process has to occur within two business days, subject to the potential loss of federal funding for noncompliance. Specifically, federal Title IV-D program requirements mandate the issuance of withholding orders within two business days.

Although the Department of Legislative Services cannot independently validate the need for 29 positions, as indicated by DHS above, it does agree that existing staff cannot absorb the additional workload generated by the bill. This estimate therefore reflects an assumption that at least the equivalent of 10 full-time caseworkers are needed to supplement current resources at certain jurisdictions with higher case volumes. Accordingly, State expenditures increase by a minimum of \$3,810,749 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. It includes salaries, fringe benefits, one-time start-up costs (including the programming costs mentioned above), and ongoing operating expenses.

Positions (Full-time equivalents)	10.0
Salaries and Fringe Benefits	\$590,707
Programming Costs	3,107,460
Other Operating Expenses	<u>112,582</u>
<b>Minimum FY 2027 State Expenditures</b>	<b>\$3,810,749</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. These expenditures are assumed to be supported using 34% general funds/66% federal funds (\$1,295,655/\$2,515,094 respectively). Federal fund matching revenues correspondingly increase.

Finally, DHS receives performance incentive payments related to certain federal performance goals, including the total amount of child support collections. For context, DHS advises that it received \$7.5 million in federal incentive payments in federal fiscal 2023. By limiting the amounts that may be garnished from certain obligors, there is likely to be an overall reduction in child support collections, potentially impacting achievement of federal performance goals and corresponding incentive payments. As any

impact exclusively attributable to the bill cannot be reliably estimated, it is not reflected in this analysis.

**Small Business Effect:** Employers likely experience increased workloads associated with earnings withholding orders under the bill.

---

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 142 (Delegate Taylor) - Judiciary.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Department of Human Services; Office of Administrative Hearings; Department of Legislative Services

**Fiscal Note History:** First Reader - January 29, 2026  
jg/jkb

---

Analysis by: Amanda L. Douglas

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510