House Community and Family Advancement Committee

William J. Peltcs, Proponent

Wednesday, December 6, 2017

House Bill 366

Good afternoon Chairman Ginter, Vice Chair LaTourette, Ranking Member Boyd, and members of the House Community and Family Advancement Committee. Thank you for the opportunity to come before you today to present proponent testimony on House Bill 366. My name is Bill Peltcs, and I’m a Support Manager with the Franklin County Child Support Enforcement Agency and the 2018 President of the Ohio Child Support Directors’ Association. I have been employed with the child support program for 24 years and I co-manage 118 staff within the Enforcement Department of our agency. As a frontline Manager, I see firsthand the practical impact that our child support rules and laws have on our clients and like my colleagues who testified here today, I wholeheartedly support HB366 which provides much needed modernization and updates, but most importantly, provides solutions to long standing issues within the Ohio’s child support guidelines.

My colleagues have provided testimony regarding the history, the economics and rationale behind the methodology and the specific proposals contained in the legislation. I’d like to take a few minutes and talk about the practical impact that this bill has on the lives of our client-parents – especially within our low-income populations.

As has been mentioned, the current guidelines haven’t been updated since 1992 and utilize economic data from the 1980 – 1986 Consumer Expenditure Survey. The guidelines have been reviewed by the Guidelines Advisory Council five times and program and stakeholders’ issues have been thoughtfully incorporated into the proposals. Yet each time they have not been updated through the legislative process. Given the obsolete data being used, the current tables no longer reflect the economic realities of the true cost of raising a child. It’s time to finally update this methodology and the data within the guidelines tables in order to get more appropriate support into the child’s household.

One of the most significant issues faced by child support programs across Ohio and across the nation is the massive accumulation of debt owed by parents within the program. Most of it is owed by low income and working poor parents. David Fleischman, Bureau Chief for Program Services has testified (SB262 and SB125) in the past, that despite the success of automatic wage withholding, Ohio’s parents, over the past two decades, have accumulated $4.5 billion dollars (2012 OCS data) in unpaid child support debt – and those totals continue to rise. A report recently issued on September 15, 2017, by the federal Office of Child Support Enforcement, an Office of the Administration for Children and Families, Division of Health and Human Services, shows from data received from the Federal Tax Offset Program, that as of April 2017, 5.5 million delinquent noncustodial parents owed over $114 billion in past-due support. While approximately 20 percent of that is owed to the government, but most of it is owed to families. In Ohio, 69% of the debt owed is held by parents who had reported earnings of less than $10,000.

Many, if not most, of these orders are established using imputed or presumed wages, or rather the hearing officers and the courts who are ordering support, are making assumptions about noncustodial parent’s wages and not using actual income. In part, due to low income parent’s perception of the program as being oppressive and punitive in nature, only 40% of noncustodial parents show up for their administrative support hearings in Franklin County. So, what’s happening is that orders are being established based on wages that have never been earned and which noncustodial parents have no ability to pay.

This scenario, “failure to engage”, “inability to pay” and “massive debt accumulation” are issues that directly impact families throughout Ohio and within Franklin County. Noncustodial parents who are so heavily burdened with seemingly impossible orders and overwhelming debt are less likely to pay their support. As a result, child support orders at low income levels are being collected at 30% statewide versus the state average of 69%. This means those who need the support the most are receiving no payments, or at least, not nearly the full amount. We must take a different approach in establishing low income orders (see the 2017 Ohio Child Support Guidelines Review, Report to the General Assembly).

Case in point, four (4) of the ten (10) zip codes with the highest accumulation of child support debt in Franklin County total over $77 million dollars.

As of September, 2017:

43211: $24,444,658.49

42319: $21,740,501.52

43224: $17,105,006.72

43213: $14,559,656.41

Total: $77,209,403.08

The residents in these areas have significant challenges, such as chronic unemployment, under employment, poverty, crime, incarceration and educational deficits. The average monthly current support obligation is $244.14 (this is also indicative of imputed wages based on minimum wage earnings because most of these orders are almost identical). When employment is reported by these noncustodial parents, the child support program follows regulations to withhold up to 65% of their wages, which often drives these parents into the underground and often illegal economy. The reality of this situation means that in most cases, the parent who has the child in their home is receiving, at best, inconsistent, irregular, and unreliable child support payments. Unfortunately, more often than not, the household is receiving no child support payments at all. Within this population, our regular persuasive enforcement efforts are ineffective.

Franklin County Child Support has been trying to address this issue by meeting with community leaders within low income neighborhoods to build more trust with noncustodial parents so that we can offer supportive services (such as parenting support, workforce services, apprenticeship programs and good jobs) so that they’ll become more engaged with the program, their children, become employed, and gain more control over their own child support orders. One of the highest priority objectives for our program is to get regular, consistent child support payments into custodial parent households – upon which they can depend. The self-sufficiency reserve (SSR) provision contained within the bill will ensure the noncustodial parent’s ability to pay the support obligation as well as establish an incentive to get a job, stay with that job, and advance within their career.

The SSR is an adjustment of the guideline support obligation amount to ensure that a noncustodial parent can maintain at least a subsistence income. The SSR is the primary means of addressing debt accrual among low-income parents who are willing to pay their support obligation, but are unable to do so based on their income. The goal of this provision is to balance the cost of raising a child with the ability to pay for two households; the SSR will be transparent, as it is visible on the table as a shaded area ; it applies algorithm to adjust the guidelines table that includes a poverty level multiplier (116% FPL) and; it applies a gradual SSR ramp that nearly eliminates any “cliff effect” in the transition to the unadjusted table. Lastly, the minimum child support order increases from $50 per month to $80 per month.

Establishing appropriate orders will result in greater, more reliable collections for the custodial parent household, and less dependency on other public assistance services. Again, thank you for the opportunity to testify and I will be happy to answer any questions.