

Wage Garnishments—A Big Problem with Solutions on the Horizon

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According to ADP, 7.2 percent of employees had their wages garnished in 2013. The reasons for these garnishments included child support obligations, tax levies, student loan obligations, and creditor garnishments. Interestingly, but perhaps not surprisingly, according to the ADP report, industries and geographic regions that are struggling financially experience more garnishment activity. The Midwest has more garnishments than any other region and the manufacturing industry receives more garnishments than any other industry.

The good news is that attention is being paid to this problem. Since 2011 the Uniform Law Commission (ULC) has been reviewing wage garnishments and [is currently preparing a uniform wage garnishment law](#). As with other uniform laws, the intent is for states to adopt the law so as to bring nationwide uniformity to the process.

Also, [Michigan is working on comprehensive reform](#) of its wage garnishment law and court rules. House Bill 5390 was passed unanimously out of committee and sent to the House of Representatives last week. The primary purpose of HB 5390 is to reduce administrative burdens and risks employers face from wage

garnishments as well as to streamline the process for all concerned. For example, similar to most states, current Michigan law allows the creditor to take a default garnishment for the entire amount of the judgment debt owed by the employee for a simple error such as not answering the garnishment within the allowed 14 days. Under HB 5390, judgment creditors would be required to make multiple attempts to notify the employer prior to obtaining a default judgment. In addition, the employer would be entitled to a cap on the default judgment whenever the failure to comply was due to a simple mistake or an administrative oversight. Also, the employer would not be liable if the judgment debtor was not employed.

Wage garnishments may be a useful and important tool. But, NPR's and ADP's recent attention to garnishments may provide states and the ULC with greater incentives and opportunities to make desperately-needed improvements to protect garnishee-employers, to streamline the process, and to bring uniformity to a diverse collection of garnishment law.

TOPICS

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