Another Day Older and Deeper in Debt: Mitigating the Deleterious Effect of Wage Garnishments on Appalachia's Low-Wage Workers

Faith Mullen

University of the District of Columbia School of Law

Follow this and additional works at: https://researchrepository.wvu.edu/wvlr

Part of the Labor and Employment Law Commons

Recommended Citation

Faith Mullen, Another Day Older and Deeper in Debt: Mitigating the Deleterious Effect of Wage Garnishments on Appalachia's Low-Wage Workers, 120 W. Va. L. Rev. (2018). Available at: https://researchrepository.wvu.edu/wvlr/vol120/iss3/12

This Essay on Appalachia is brought to you for free and open access by the WVU College of Law at The Research Repository @ WVU. It has been accepted for inclusion in West Virginia Law Review by an authorized editor of The Research Repository @ WVU. For more information, please contact researchrepository@mail.wvu.edu.
ANOTHER DAY OLDER AND DEEPER IN DEBT:
MITIGATING THE DELETERIOUS EFFECT OF WAGE
GARNISHMENTS ON APPALACHIA'S LOW-WAGE WORKERS

Faith Mullen*

I. INTRODUCTION .......................................................... 973
II. A CASE STUDY ....................................................... 975
III. STATE CHOICES ON WAGE GARNISHMENT ................. 977
   A. Adjust the Amount that Can Be Garnished .............. 978
      1. Increase the Number of Hours of Minimum-Wage
         Work Exempt from Garnishment ..................... 979
      2. Decrease the Percentage of Disposable Earnings
         that Can Be Garnished .............................. 981
   B. Go Beyond the Formula to Protect Low-Wage Workers .... 981
      1. Reduce Garnishment for Families ................... 982
      2. Limit the Use of Wage Garnishments for Certain
         Wage Earners ....................................... 983
      3. Limit the Use of Wage Garnishment to Collect
         Certain Kinds of Debt ............................. 984
   C. Change the Details of Administration .................... 986
      1. Provide Adequate Post-Judgment Notice ............. 987
      2. Improve Transparency in Payment of Garnishments .... 989
      3. Limit Firing Due to Garnishment Prohibited .......... 990
IV. INTEREST ON A JUDGMENT ......................................... 992
V. CONCLUSION ........................................................... 993
VI. APPENDIX I ............................................................. 996

I. INTRODUCTION

When Tennessee Ernie Ford sang the popular song “Sixteen Tons,” he
memorialized the plight of low-wage workers caught in a punishing cycle of debt
from which they had little hope for escape.1 He sang about Appalachian coal

---

* I extend heartfelt thanks to John Rubel and Shoshanna, who first introduced me to West
Virginia, and whose affection for the state and her people runs deep. Thanks also to Michael
Swink, my capable research assistant. Support for this research was provided by a summer research
grant from the University of the District of Columbia David A. Clarke School of Law.

1 TENNESSEE ERNIE FORD, SIXTEEN TONS (Capitol Records 1955).
miners who owed their "soul to the company store," but he could well have been singing about modern-day, low-wage workers in Appalachia who find themselves at the confluence of wage garnishment and high post-judgment interest rates.

A wage garnishment, or lien on wages, or withholding order, or income execution, as it is variously known, allows a judgment creditor to divert a portion of an employee's wages to the creditor to satisfy a judgment. A wage garnishment is issued by a court upon the application of a judgment creditor and directs an employer to take wages for the payment of a judgment. Although federal law establishes the maximum that can be taken to satisfy a judgment, states have discretion in further limiting the amount that can be garnished and establishing how garnishment will take place. Two other states—North and South Carolina—do not have a wage garnishment law. Four states in the Appalachian Region—New York, Maryland, Ohio, and Pennsylvania—have adopted an approach to wage garnishment that provides relief to the lowest wage workers. Small changes to the garnishment statutes in the other states in the Appalachian Region could enhance the economic stability of low-wage workers at no cost to the state.

High interest rates on judgments exacerbate the problem of garnishments for low-wage workers. States have considerable discretion in setting post-judgment interest rates. These rates are set by statute. The combination of wage garnishment and high post-judgment interest rates makes it impossible for low-wage workers to get out of debt and can drive some workers out of the job

2 Id.
3 This article adopts the term "wage garnishment" to refer to post-judgment attachment of wages. In New York, it is known as an "income execution." N.Y. C.P.L.R. 5231 (McKinney 2017). In West Virginia, it is known as a "suggestee execution." W. VA. CODE ANN. § 38-5B-3 (West 2018), and in Alabama as a "withholding order." ALA. CODE §§ 30-3D-501 to -503 (2018).
6 See infra Appendix I.
8 Id.
10 Id. at 601.
11 "Post-judgment interest did not exist at common law and is solely a matter of legislative grace." Id.
market. This is particularly problematic in states with a high percentage of people living in poverty.

Through modest legislative reform, states can mitigate the effect of wage garnishment and high post-judgment interest rates and improve the economic stability of low-wage workers at no cost to the state. The challenge in enacting such legislation is to devise policies that strike a balance between allowing for the collection of just debts and not driving low-wage workers out of jobs or deeper into poverty. Part II of this Article presents a case study to illustrate the problem wage garnishment presents for low-wage workers. Part III examines two of the fundamental choices states make about garnishment and provides examples of the choices states make about the formula they will use to calculate the amount that can be garnished, and the procedures a state will use to implement wage garnishment. Part IV considers the consequences of post-judgment interest rates. Part V concludes with some recommendations about how states can reform their wage garnishment laws to mitigate the deleterious effect of wage garnishment on low-wage workers.

II. A CASE STUDY

Vivian Johnson has worked as a home health aide for the past 10 years. She likes the agency she works for because they respect her work, they are responsive to her concerns, and they pay almost $2 per hour more than she could earn elsewhere. More importantly, from Ms. Johnson’s perspective, she has been the home health aide to the same elderly woman for years. She likes her client, feels appreciated by her, and worries that no one else would do as good a job taking care of her.

Nine years ago, Ms. Johnson’s appendix ruptured. Hospitalization cost $17,000. When Ms. Johnson did not pay the bill, the hospital sued. Ms. Johnson received notice of the lawsuit but did not contest the claim for several reasons: she assumed the amount was correct; she could not afford to hire a lawyer and

---

13 From 2011 to 2015, the number of people living in poverty in Alabama, Georgia, Kentucky, Mississippi, and West Virginia exceeded 18% when the national percentage was 15.5%. KELVIN POLLARD & LINDA A. JACOBSEN, THE APPALACHIAN REGION: A DATA OVERVIEW FROM THE 2011–2015 AMERICAN COMMUNITY SURVEY 70 (2017), https://www.arc.gov/assets/research_reports/DataOverviewfrom2011to2015ACS.pdf.
14 See Davis v. Paschall, 640 F. Supp. 198, 201 (E.D. Ark. 1986). The tension is between the “creditor’s interest in seeking a quick and inexpensive satisfaction of the debt after having obtained a judgment” and the debtor’s “interest in retaining exempt property to meet the basic expenditures of life.” Id.
15 This hypothetical is based on a real case, but details that would identify the client have been changed.
made too much money to qualify for free legal services; she could not afford to take time off from work; and she did not know of any legal defense.\textsuperscript{16}

The court awarded the hospital a default judgment\textsuperscript{17} of $17,000 at the prevailing interest rate of 7.5%.\textsuperscript{18} The hospital then sold the judgment to a third-party debt buyer who applied for a “writ of garnishment” from the court that allowed it to garnish Ms. Johnson’s wages.\textsuperscript{19} Ms. Johnson’s employer is obligated to withhold a portion of her wages and send them to the court for distribution to the judgment creditor.\textsuperscript{20}

Before the wage garnishment, Ms. Johnson, like many other people, was living paycheck to paycheck.\textsuperscript{21} The garnishment has created collateral problems for her. She has overdrawn her checking account and incurred overdraft fees. She has used her credit card more often to pay for food but is able to pay only the minimum balance at a high interest rate. More than once she has fallen behind on her rent, and she has faced the prospect of having her electricity, gas, and phone service shut off.

Worst of all, Ms. Johnson has no meaningful prospect of ever paying off this debt. In the eight years since the judgment was entered against her, she has paid approximately $5,000, but now, due to the interest rate on the judgment, she owes more than $18,000. She has made steady payments, but the debt keeps growing. She faces three equally unpalatable options: continue to surrender 25% of her pay each week\textsuperscript{22} to the judgment creditor, quit and hope the creditor will not locate her if she finds another job, or spend money she does not have to declare bankruptcy.\textsuperscript{23}

\begin{flushleft}
\textsuperscript{17} ALA. R. CIV. P. 55. Between 70% and 90% of judgments are defaults. Dalié Jiménez, Dirty Debts Sold Dirt Cheap, 52 HARV. J. ON LEGIS. 41, 55 (2015).
\textsuperscript{18} ALA. CODE § 8-8-10(a) (2018).
\textsuperscript{19} Id. § 6-10-7.
\textsuperscript{20} See id. § 6-6-453.
\textsuperscript{22} The law exempts 75% of wages per week from garnishment. ALA. CODE § 6-10-7.
\textsuperscript{23} Although it is possible to discharge such a debt in bankruptcy, there are costs associated with doing so. In 2017, those costs were between $1,500 and $4,000. The Cost of Bankruptcy, DEBT.ORG, https://www.debt.org/bankruptcy/cost/ (last visited Mar. 29, 2018).
\end{flushleft}
III. STATE CHOICES ON WAGE GARNISHMENT

It was precisely this dilemma that Congressman Henry Gonzales identified when Congress enacted the Consumer Credit Protection Act in 1968:

For a poor man—and whoever heard of the wage of the affluent being attached?—to lose part of his salary often means his family will go without the essentials. No man sits by while his family goes hungry or without heat. He either files for consumer bankruptcy and tries to begin again, or just quits his job and goes on relief. Where is the equity, the common sense, in such a process?24

Given the widespread poverty in the Appalachian Region, fostering the efforts of low-wage earners to be self-supporting has a particular urgency. Although poverty rates are significantly higher in the Appalachian Region than in other parts of the country,25 unemployment rates for the region average only slightly higher than the national average.26 Low wages, rather than unemployment, help explain why the per capita income in the Appalachian Region lags almost 20% behind the national average.27 Under these circumstances, preserving the wages that people earn is of paramount importance.28

Wage garnishment has the potential to drive low-wage workers out of jobs and further into poverty. High interest rates, discussed in Part IV below, exacerbate this problem. Reforming state garnishment laws is an important step in developing a coherent poverty policy. As states strive to find the balance

26 In 2015, the unemployment rate in the Region was 5.8% compared to 5.3% nationally. Relative Unemployment Rates in Appalachia, 2015, APPALACHIAN REGIONAL COMMISSION, https://www.arc.gov/research/MapsofAppalachia.asp?MAP_ID=24 (last visited Mar. 29, 2018).
between post-judgment\textsuperscript{29} debt collection and the potentially destabilizing effect of wage garnishments, two issues stand out. The first is the dollar amount judgment creditors can garnish.\textsuperscript{30} Although the amount exempt from garnishment cannot be less than the amount protected by federal law, it can be higher. \textsuperscript{31} The second issue centers on the procedures for implementing wage garnishments. Federal law, with a few exceptions, leaves the details of the garnishment process to the discretion of the states.\textsuperscript{32}

\textit{A. Adjust the Amount that Can Be Garnished}

Once a plaintiff (creditor) obtains a money judgment, the creditor can collect the judgment by garnishing wages.\textsuperscript{33} Federal law sets out the formula for calculating the maximum that can be garnished: the lesser of either wages in excess of 30 times the federal minimum wage or 25% of wage earner’s disposable earnings.\textsuperscript{34} In most states, “disposable earnings” are defined as earnings after deductions “required by law to be withheld.”\textsuperscript{35}

Garnishing wages has serious implications for workers. For example, Kentucky is typical of the states in the Appalachian Region that have adopted the federal formula for calculating the amount of a wage garnishment.\textsuperscript{36} In

\textsuperscript{29} Federal law prohibits, and courts have declared unconstitutional, pre-judgment garnishments. \textit{See} Davis v. Paschall, 640 F. Supp. 198, 201–02 (E.D. Ark. 1986).


\textsuperscript{32} \textit{See} 15 U.S.C. § 1673(b). However, some types of debt fall outside the federal limits on wage garnishment. Samantha Kemp, \textit{Types of Garnishment in Order of Priority}, \textit{LEGALBEAGLE}, https://legalbeagle.com/12106359-types-garnishments-order-priority.html (last visited Mar. 29, 2018). Many states prioritize the collection of certain debts, typically child and spousal support, bankruptcy, tax levies, and fines owed to the state. \textit{See id.} All the states in the Appalachian Region give priority to collection of child support arrearages and allow wage garnishment for child support arrearages at a higher percentage. \textit{See Wage Garnishments & Attachments}, NOLO, https://www.nolo.com/legal-encyclopedia/wage-garnishments-attachments (last visited Mar. 29, 2018). The policy in Mississippi is typical: the amount of disposable income that can be withheld for child support is 50% if the debtor is supporting another child or spouse. MISS. CODE ANN. § 85-3-4(3)(b)(i) (West 2018). If the debtor is not supporting another child or spouse, then 60% of the debtor’s disposable income may be garnished. \textit{Id.} § 85-3-4(3)(b)(ii). Those percentages go up to 60% and 65% respectively if the garnishment is to enforce “a support order with respect to a period which is prior to the period of twelve (12) weeks which ends with the beginning of such workweek.” \textit{Id.} § 85-3-4(3)(b)(iii).

\textsuperscript{33} Prejudgment garnishments are prohibited in most states or strictly limited. \textit{See}, \textit{e.g.}, N.M. STAT. ANN. § 35-12-1 (West 2018).


\textsuperscript{35} \textit{See} N.Y. C.P.L.R. 5231(c)(ii) (McKinney 2018).

\textsuperscript{36} \textit{See infra} Appendix I.
Kentucky, the median annual household income is $45,000. A single person with no dependents who earned that amount would have an annual after-tax income of approximately $34,500. Garnishment would reduce such a wage earner’s annual income to approximately $25,900.

Although that reduction of income would be disruptive to someone who earns the median income, the effect of wage garnishment on a worker who earns minimum wage is potentially catastrophic. A worker in Kentucky who earns minimum wage would have an annual after-tax income of approximately $15,800 (based on 2017 tax rates). The allowable weekly wage garnishment would be $76, leaving an annual income of approximately $11,900. Wage garnishment would cause this worker’s income to drop below the federal poverty level. The effect is even more pronounced when the household includes more than one person; the income of a single parent raising two children would dip almost to 50% of the poverty level.

States can ensure that wage garnishment will not drive low-wage workers into poverty by protecting more wages from garnishment. This can be done by adjusting one or both parts of the two-part federal formula (first, the amount by which disposable earnings exceed 30 times the federal minimum hourly wage, and second, 25% of disposable earnings). Federal law allows garnishment of the lesser of these numbers.

1. Increase the Number of Hours of Minimum-Wage Work Exempt from Garnishment

Exempting additional hours of low-wage work from garnishment is one way to insulate low-wage workers from the destabilizing effect of wage garnishment. Under federal law, 30 hours of pay earned at the federal minimum wage per week are exempt (currently $217.50 per week). One way for states to assure low-wage workers that their salaries will not drop below minimum wage is to exempt 40 hours of pay earned at the federal minimum wage (currently $290 per hour).

38 The worker would be permitted to retain 75% of annual disposable income. See FAIR DEBT COLLECTION, supra note 7.
40 These calculations were made by the author.
42 The 2017 poverty level for a single parent supporting two children was $20,420. Id.
44 Id. § 1673(a).
per week). Doing so is consistent with the policy behind having a minimum wage, which is to ensure a "minimum standard of living necessary for health, efficiency, and general well-being of workers."45

Several states have already adopted this practice. Virginia,46 North Dakota,47 Minnesota,48 and New Mexico49 exempt 40 times the federal minimum wage from garnishment. West Virginia,50 Massachusetts,51 Nevada,52 and New Hampshire53 exempt 50 times the federal minimum wage. Maryland has legislation pending that would exempt 80 times the federal minimum hourly wage from garnishment.54

Under federal law, limits on wage garnishments are a multiple of the federal minimum wage.55 However, there is no reason that states that have a higher minimum wage could not use their own minimum wage in calculating the amount exempt from garnishment. States in the Appalachian Region take a varied approach to the minimum wage.56 Four states in the Appalachian Region—Maryland,57 New York,58 Ohio,59 and West Virginia60—have enacted a state minimum wage that exceeds the federal minimum wage.61 New York is the only state in the Appalachian Region to use its own minimum wage as a

46 VA. CODE ANN. § 34-29(a)(2) (West 2018).
47 N.D. CENT. CODE ANN. § 32-09.1-3 (West 2018).
48 MINN. STAT. ANN. § 571.922(2) (West 2018).
49 N.M. STAT. ANN. § 35-12-7(a)(2) (West 2018).
51 MASS. GEN. LAWS ANN. ch. 246, § 28 (West 2018).
52 NEV. REV. STAT. ANN. § 31.295(2)(c) (West 2018).
56 See infra Appendix I.
57 MD. CODE ANN., LAB. & EMP. § 3-413(c)(4) (West 2018).
61 Four states in the Appalachian Region have adopted the federal minimum wage as the state minimum wage (Kentucky, North Carolina, Pennsylvania, and Virginia), while four states (Alabama, Mississippi, Tennessee, and South Carolina) have no minimum wage, and Georgia has a $5.15 per hour minimum wage. See infra Appendix I.
multiplier. In other parts of the country, Colorado and Connecticut use their state minimum wage in calculating garnishments.

2. Decrease the Percentage of Disposable Earnings that Can Be Garnished

Once a state has established a floor for wage garnishment by protecting some multiple of the minimum wage, the state can further limit the percentage that can be garnished. Under federal law, wage earners are allowed to keep the greater of 30 times the federal minimum wage or 75% of their disposable earnings. Although excluding some multiple of hours worked for minimum wage protects workers who have the lowest incomes, increasing the percentage of wages that are protected from garnishment protects more workers.

New York exempts "ninety per cent of the earnings of the judgment debtor" from garnishment, provided the debtor earns at least 30 times the state minimum wage. Iowa imposes a 10% cap on wage garnishment for individuals who earn more than $50,000, and for individuals with income less than $12,000 per year, only $250 can be garnished. Both Delaware and Illinois limit wage garnishment to 15% of a debtor's wages. Arizona has a mechanism to reduce garnishment to 15% of wages if the debtor can show that the garnishment would be an extreme hardship.

B. Go Beyond the Formula to Protect Low-Wage Workers

In addition to adjusting the formula to exclude a higher amount from garnishment, some states have implemented other changes to protect low-wage workers.

64 CONN. GEN. STAT. ANN. § 52-361a(f)(2) (West 2018).
66 Id. §§ 1673(a)(1), (2).
68 The creditor can assert that not all of the protected income is needed for the debtor. N.Y. C.P.L.R. 5205(d) (McKinney 2018).
69 IOWA CODE ANN. § 642.21(1)(e) (West 2018).
70 DEL. CODE ANN. tit. 10, § 4913(a) (West 2018).
71 735 ILL. COMP. STAT. ANN. 5/12-803 (West 2018).
1. Reduce Garnishment for Families

Some states have recognized that garnishing income may harm family members who depend on the wage earner for support. States have taken a varied approach to addressing this issue, some exempting a specific dollar amount from collection, while others exempt the head of household from garnishment or reduce the amount that can be garnished. States impose different requirements to verify eligibility for these reductions.

In the Appalachian Region, only Tennessee takes family size into account in establishing the amount that can be garnished. Tennessee provides an exemption of $2.50 per child per week for dependent children younger than 16. It is difficult to set such exemptions at a level that reflects the needs of dependent children, and these exemptions become dated quickly.73

In Nebraska, garnishment is limited to 15%, rather than 25%, of disposable earnings of the “head of a family.”74 Missouri has a definition of “head of family” that qualifies the wage earner to exempt 90% of income from garnishment.75 Because the Missouri statute does not require it, employers do not have to “obtain written verification of such exemption.”76 More typically, states require some kind of verification. North Dakota provides a $20-per-week exemption for each family member,77 but to qualify for this relief, the wage earner must supply the employer with the names and Social Security numbers of dependents who reside with the wage earner.78 Montana exempts some of the of the debtor’s income “when it appears by the debtor’s affidavit or otherwise that such earnings are necessary for the use of his family . . . .”79

Florida offers broad relief to the “head of family.” The first $750 of wages per week of a “head of a family” are exempt, regardless of income, and income greater than $750 can be garnished only if the debtor consents in writing.80 Florida defines “head of family” to include “any natural person who is providing more than one-half of the support for a child or other dependent.”81 States that take family size into account should be explicit about what the wage

---

76 Id. at 481.
78 Id. § 32-09.1-03.
81 Id. § 222.11(1)(c).
earner must prove and to whom it must be proved to qualify for a reduction in the amount garnished.

New Jersey is the only state that links its wage garnishment law to the federal poverty level. It limits garnishment to 10% of the debtor’s income unless the debtor’s income exceeds 250% of the federal poverty level. This is a nuanced approach that is linked to a federal standard that is indexed to inflation and considers the relationship between family size and the poverty level. It is more complicated to calculate because it requires knowledge of both the wage earner’s family size and the current federal poverty level.

2. Limit the Use of Wage Garnishments for Certain Wage Earners

States offer a variety of exemptions that either recognize the difficulties certain workers face or protect certain groups of employees. Kansas exempts wages from garnishment for two months after a debtor or a family member has been ill for two weeks, and that illness prevents a debtor from working “for a period greater than two weeks.” Pennsylvania provides an exemption for victims of abuse if they obtain a civil protective order.

Minnesota law recognizes that recent recipients of public assistance and newly released inmates of correctional facilities may have a precarious foothold on employment when they return to work. Minnesota protects these individuals from the destabilizing effect of garnishments “for a period of six months after the debtor’s return to employment or farming and after all public assistance for which eligibility existed has been terminated.”

A handful of states protect individuals in specific occupations from wage garnishments. New York exempts the “pay and bounty of a non-commissioned officer, musician or private in the armed forces of the United States or the state of New York.” Massachusetts exempts wages owed to seamen but not

---

83 Id.
84 Some of these exemptions are probably the result of pressure from special interest groups. In California, income “necessary for the support of the judgment debtor or the judgment debtor’s family” is exempt unless the debt was incurred pursuant to an order or award for the payment of attorney’s fees. CAL. CIV. PROC. CODE § 706.051(b)–(c)(1) (West 2018).
85 KAN. STAT. ANN. § 60-2310(c) (West 2018).
86 42 PA. STAT. AND CONS. STAT. ANN. § 8127(f) (West 2018).
87 MINN. STAT. ANN. § 550.37 (West 2018).
fishermen.\textsuperscript{89} Missouri exempts the first $200 of income earned by railroaders.\textsuperscript{90} Georgia exempts $2,500 earned by a deceased railroad worker.\textsuperscript{91} Although these exemptions recognize that people in certain circumstances are vulnerable and that wage garnishment can exacerbate their problems, special exemptions complicate wage garnishment for employers, courts, and wage earners, often over small amounts of money.\textsuperscript{92} A better approach is for states to recognize the problems wage garnishment presents for all low-wage workers, and to adopt an approach to wage garnishment that protects all low-wage workers.

3. Limit the Use of Wage Garnishment to Collect Certain Kinds of Debt

Congress passed the Consumer Credit Protection Act to provide workers some protection from the most ruinous aspects of consumer credit.\textsuperscript{93} In the 50 years since its passage, the consumer credit industry has evolved, and some states are now reforming their wage garnishment statutes in response to widespread industry abuses.\textsuperscript{94} A growing number of states have recognized that one of the most effective ways to mitigate the harmful effects of garnishment is to be deliberate about which judgments can be collected through garnishment and to limit the use of wage garnishment to collect debt related to consumer credit.\textsuperscript{95} Typically, states take one or more of the following approaches: prohibit the use of wage garnishment for cases involving consumer contracts; prohibit the use of wage garnishment by third-party debt buyers; limit how long a creditor can use wage garnishment to collect on a judgment.

\textsuperscript{90} Houston & T. C. Ry. Co. v. Caldwell, 132 S.W. 1067, 1069 (Mo. 1910); White v. Missouri, K. & T. R. Co., 130 S.W. 325, 327 (Mo. 1910).
\textsuperscript{91} Ga. Code Ann. § 34-7-4 (West 2018).
\textsuperscript{94} See Jiménez, supra note 17, at 43–45.
\textsuperscript{95} Id.
For example, in Iowa, if debt arises from a consumer credit transaction, the statute allows the wage earner to persuade the court that additional amounts should be exempt from garnishment "if it appears to the court that all or any portion of the earnings sought to be additionally exempted are necessary for the maintenance of the consumer or a family supported wholly or partly by the earnings of the consumer." This approach is in sharp contrast to current Alabama law, which explicitly permits attachment on consumer credit transactions.

Some states sharply limit collection of those judgments once the original creditor sells them. In Kansas, if accounts are sold or assigned, the assignee "shall not have or be entitled to the benefits of wage garnishment." Similarly, Maine has legislation pending that would prohibit a debt buyer from seeking to garnish a consumer's wages to enforce a judgment obtained against the consumer in a collection action.

Another approach is to impose limits on when a judgment creditor may attach wages. Maryland permits collection only within three years of the judgment being entered. One reason to impose time limits is that older default judgments offer a tantalizing opportunity for third-party debt buyers because post-judgment, there is no obligation to verify the underlying debt, and the debts that have been purchased for pennies on the dollar have accrued substantial interest. Most of these judgments are entered by default. Massachusetts puts a four-year limit on collection of consumer debt, and waivers by consumers are not permitted. These time limits operate as a disincentive for creditors to defer collection until substantial interest has accrued.

Pennsylvania has adopted a broad approach that exempts wages from garnishment, with a few exceptions: divorce, child support, federal and state taxes, board for four weeks or less, union dues, health insurance premiums, and restitution of crime victims. Pennsylvania allows a garnishment of 10% of wages for a judgment "arising out of a residential lease," as long as the

96 IOWA CODE ANN. § 537.5105(4) (West 2018).
98 KAN. STAT. ANN. § 60-2310(d) (West 2018).
100 MD. CODE, CTS. & JUD. PROC. § 5-101 (West 2018).
103 See Jiménez, supra note 17, at 77–78.
104 Id.
105 42 PA. STAT. AND CONS. STAT. ANN. §§ 8127 (3.1)–(3.2) (West 2018).
garnishment does "not to place the debtor's net income below the poverty income guidelines."\(^\text{106}\)

At least one state requires additional time before garnishment when the garnishment is related to consumer credit sales, leases, or loans and is the result of a default judgment on a contract or installment account. In Delaware, the creditor must wait for 60 days after the default was entered before the wages can be attached.\(^\text{107}\) This provision reflects a growing concern about default judgments and consumer credit and gives the wage earner the opportunity to assert defenses.\(^\text{108}\) This delay applies only to consumer credit cases.\(^\text{109}\) Collection of other debts such as medical bills would not be deferred.\(^\text{110}\)

C. Change the Details of Administration

As indicated above, states can choose a threshold for wage garnishment as long it does not result in more wages being garnished than permitted by federal law. States also have discretion in establishing the procedures for wage garnishment. The laws in the 11 states\(^\text{111}\) in the Appalachian Region that permit wage garnishment share some common elements:

- they base garnishment on "disposable earnings" defined as earnings less any amounts required by law to be withheld;\(^\text{112}\)
- they observe a first-in-time, first-in-right rule where garnishments are paid in the order in which they are received by the employer;\(^\text{113}\)
- they permit garnishment of the wages of state and municipal employees;\(^\text{114}\) and

\(^{106}\) Id. § 8127 (3.1).

\(^{107}\) DEL. CODE ANN. tit. 6 § 4345 (West 2018).

\(^{108}\) Id.

\(^{109}\) Id.

\(^{110}\) Id.

\(^{111}\) North Carolina has no wage garnishment statute, but it does have a mechanism for enforcing out of state judgments, and employers who fail to cooperate with garnishment process may be liable for the amount to be garnished. See N.C. GEN. STAT. ANN. § 1-440.27 (West 2018).

\(^{112}\) Ohio defines, "disposable earnings" as net earnings after deductions required by law. OHIO REV. CODE ANN. § 2329.66(C)(1) (West 2018).

\(^{113}\) Multiple garnishments are handled in Georgia in the same way they are handled in other states—first in time, first in right. See GA. CODE ANN. § 18-4-82 (West 2018). Mississippi takes the same approach, but if two garnishments are filed on the same day, then the employer must prioritize them by paying the smaller garnishment first. MISS. CODE ANN. § 11-35-24 (West 2018). Ohio provides detailed directions for what happens when there are multiple garnishments. OHIO REV. CODE ANN. § 2716.041 (West 2018).

\(^{114}\) For a typical example of this provision, see MD. CODE ANN., COM. LAW § 15-601.1 (West 2018).
• they sanction employers who fail to cooperate in wage garnishment by making them liable for some or all of the underlying judgment.115

Where states differ is around the protections they offer wage earners. States should take additional steps to enhance the fairness of their wage garnishment statutes including rules about notice, the process for renewing garnishments, and the prohibition on firing employees whose wages are garnished.

1. Provide Adequate Post-Judgment Notice

An important question for legislatures to resolve is whether a wage earner is entitled to additional notice after a judgment is entered and before wages can be garnished. A 1924 Supreme Court decision held that the underlying judgment serves as constructive notice that a creditor can garnish wages and, therefore, no additional notice is required.116 A more recent state court decision involving attachment of personal property concluded that the 1924 case “rests upon a due process analysis which has long since been abandoned by the Supreme Court” and “its premises have been radically undercut by the Supreme Court’s analysis in Mathews.”117

The Mathews analysis considers the “private interest that will be affected by the official action[,] . . . the risk of an erroneous deprivation[,]” and the government’s interests.118 In post-judgment collection cases, the judgment creditor’s interest is in prompt and efficient satisfaction of the judgment119 and “the individual judgment debtor’s interest will usually be in property necessary for sustenance and/or earning a living.”120 The state’s interests are in having a

---

115 Sanctions for employers who fail to cooperate in the garnishment process can be serious. In Mississippi and New York, the employer may be liable for all or part of the debt. See MISS. CODE. ANN. § 11-35-23 (West 2018); N.Y. C.P.L.R. § 5252 (McKinney 2018). Additionally, in Ohio and Georgia employers who fail to follow the garnishment procedures can be held in contempt of court. See OHIO REV. CODE ANN. § 2716.07 (West 2018); GA. CODE ANN. § 18-4-21 (West 2018). If the employer wrongfully garnishes wages, the employer may be liable under wage and hour laws for improperly withheld wages. See Marshall v. Safeway Inc., 88 A.3d 735, 745 (Md. 2014).


119 One rationale for limiting post-judgment notice is that it prevents the debtor from taking steps to elude collection efforts. See Mitchell v. W. T. Grant Co., 416 U.S. 600, 629 (1974) (Powell, J., concurring). That may be true in the case of attachment of other assets, but with wage garnishments the wage earner’s ability to hide earnings is limited. Also, a debtor who quits based on notice of garnishment is unlikely to stay on the job when faced with an actual garnishment.

120 Hutchinson, 784 F. Supp. at 1343.
process that ensures that judgments can be collected and in mitigating the destabilizing effects of wage garnishment.

Arkansas was among the first to apply the Mathews analysis in wage garnishment cases.\textsuperscript{121} The court interpreted Mathews to require a judgment creditor to give

notice to the judgment debtor informing him of the garnishment, notice of possible state and federal exemptions, a prompt hearing to permit the judgment debtor to claim exemptions, an affidavit from the creditor stating that the writ would not cause the attachment of exempt funds, or the posting of a bond to compensate the judgment debtor for injury in case of a wrongful garnishment.\textsuperscript{122}

In the Appalachian Region, federal courts in New York\textsuperscript{123} and Georgia\textsuperscript{124} have concluded that wage earners have a constitutional right to notice before post-judgment garnishment, specifically that exemptions are available and how to claim them. The United States District Court for the Northern Division of Georgia found the Georgia statute unconstitutional in that it failed to provide notice of possible exemptions from garnishment or procedures for claiming such exemptions.\textsuperscript{125}

In addition to these specific elements of notice, states should provide sufficient time from the filing of the garnishment to the execution on wages for wage earners to assert exemptions. Ohio, for example, requires issuance of a notice of an intention to garnish wages at least 15, and no more than 45, days before an order is sought.\textsuperscript{126} Mississippi exempts wages from garnishment “for a period of thirty (30) days from the date of service of any writ of attachment, execution or garnishment.”\textsuperscript{127} This has two benefits. First, it gives wage earners the opportunity to contest the garnishment if a mistake has been made, and second, it allows wage earners, to the extent possible, to adjust their finances so that the garnishments have fewer collateral consequences such as bad check charges or late rent fees.

\textsuperscript{122} Id. at 203–04.
\textsuperscript{125} Id. at 1348.
\textsuperscript{126} OHIO REV. CODE ANN. § 2716.02 (West 2018).
\textsuperscript{127} MISS. CODE. ANN. § 85-3-4 (West 2018).
2. Improve Transparency in Payment of Garnishments

Typically, once a wage garnishment is in place, it continues as long as the wage earner remains employed and until the judgment is paid in full. In the language of one statute, garnishments continue until they are satisfied, modified, or vacated.\(^{128}\) In the absence of some accountability, a garnishment may continue longer than it should. States should require judgment creditors to provide accountings and to renew garnishments at regular intervals to ensure that they collect no more than they are entitled to and that wage earners know exactly how much they owe. Wage earners have a compelling interest in knowing when a debt has been paid in full, but they are not always in the best position to know when that is.

The starting point in determining how much is owed is the amount of the judgment entered against the wage earner, but depending on state law, this may not be the total subject to garnishment because states allow different amounts of post-judgment interest\(^{129}\) and permit employers to charge fees for wage garnishment.\(^{130}\) These post-judgment costs may make it difficult for the wage earner to know when a debt has been paid, particularly when a creditor has delayed months or sometimes years after the judgment was entered to garnish wages.

States can improve the process, as Ohio has, by making it more transparent. In Ohio, the judgment creditor is required to file with the court an affidavit that includes the original amount of the judgment that is the basis of the order, the accrued interest to date, the court costs assessed to date, all moneys paid to the judgment creditor to date, and the current balance due.\(^{131}\)

Several states require an accounting before a garnishment can be renewed. In North Dakota, garnishments have a 360-day lifespan, after which, with additional notice to the debtor, they can be renewed.\(^{132}\) Oklahoma has a 180-day limit on the life of a garnishment,\(^{133}\) but a subsequent summons in the same cause of action can be filed after the 150th day of the previous garnishment lien.\(^{134}\) In Georgia, a garnishment continues for 179 days.\(^{135}\) Michigan imposes an

\(^{128}\) See OKLA. STAT. ANN. tit. 12, § 1173.4 (West 2018).

\(^{129}\) See infra Section V.

\(^{130}\) For examples of allowable fees, see Miss. Code Ann. § 11-35-61 (West 2018) and Ga. Code Ann. §18-4-14 (West 2018).

\(^{131}\) Ohio Rev. Code Ann. § 2716.031 (West 2018).


\(^{134}\) Id.

obligation on the creditor to provide updates about the balance remaining on the debt every six months.\textsuperscript{136}

In some states, including Alabama,\textsuperscript{137} Kentucky,\textsuperscript{138} Pennsylvania,\textsuperscript{139} and Ohio,\textsuperscript{140} employers must remit garnished wages to the court. In Mississippi, payments are made to the court, but it is in the discretion of the circuit court clerk to direct the employer to “send all garnishment monies to the attorney of record.”\textsuperscript{141} In Ohio, the employer pays the garnished wages to the court, and the payment is to be accompanied by an “interim report and answer” of garnishee.\textsuperscript{142} Delivering garnished wages to the court benefits the creditor, the wage earner, and the employer because doing so creates a record of payment and is likely to minimize disputes over what has and has not been paid. However, doing this results in additional costs to the court.

In Mississippi, the employer has an obligation to accumulate the wages that are garnished until the entire garnishment is satisfied and then pay them to the creditor when the judgment is satisfied or make a payment at least once a year.\textsuperscript{143} Alabama has a similar statute that directs employers to retain wages “as is necessary to accumulate a sum equal to the amount shown as due by the court.”\textsuperscript{144} New York provides for delivery to the sheriff and imposes a duty on the sheriff to “at least once every ninety days from the time a levy shall be made thereunder, to account for and pay over to the person entitled thereto all monies collected thereon, less his lawful fees and expenses for collecting the same.”\textsuperscript{145} The need for an accounting is heightened in states that direct the employer to remit payment of the garnished wages directly to the creditor.

3. Limit Firing Due to Garnishment Prohibited

Federal law prohibits firing a wage earner for any one instance of wage garnishment.\textsuperscript{146} In enacting this provision, Congress sought to help consumers who find themselves “trapped in an easy credit nightmare,” and then face “being

\textsuperscript{137} Ala. Code § 6-10-7 (2018).
\textsuperscript{140} Ohio Rev. Code Ann. § 2716.07 (West 2018).
\textsuperscript{144} Ala. Code § 6-10-7 (2018).
\textsuperscript{145} N.Y. C.P.L.R. 5231 (McKinney 2018).
fired besides.” 147 The statutory intent was to protect the wage earner’s income while allowing for the collection of judgments.148

Prohibitions on firing due to wage garnishment vary greatly from state to state. Several states in the Appalachian Region—Kentucky,149 Georgia,150 Maryland151—have adopted the federal standard and protect workers from firing based on only one garnishment. An Illinois court explained the rationale for permitting firing after just one garnishment, observing that by “giving debtors limited, incomplete protection from discharge, the legislature elected not to burden employers with those chronically unable to manage their financial affairs. Employees with many debts and garnishments on their records may properly be exposed to termination . . . .”152 Other states, like Nevada, make it unlawful to discharge a debtor because of any number of garnishments.153 Others have chosen a middle ground that permit firing after a certain number of garnishments are imposed in one calendar year.154

Whatever the number of allowable garnishments, it is not enough merely to prohibit firing. Several states couple the prohibition on firing with some remedy for employees who are wrongly fired for having their wages garnished, typically the right to file a civil action against the employer within a certain number of days. Wage earners in Indiana have six months to bring a lawsuit for reinstatement and for six weeks of lost wages.155 In North Dakota wage earners have 90 days to file a civil action.156 In Michigan, employees who have been fired have a right to sue for lost wages and for reinstatement.157 Maryland makes it a misdemeanor to fire an employee for “any one indebtedness in a calendar year,” punishable with a fine of up to $1,000 or a year’s imprisonment.158 Florida treats any disciplinary action against an employee “solely because such writ is in effect” as contempt of court.159 In Alabama, employers who discharge an

147 Stewart v. Travelers Corp., 503 F.2d 108, 114 (9th Cir. 1974) (quoting 114 Cong. Rec. H688 (Feb. 1, 1968)).


149 KY. REV. STAT. ANN. § 427.140 (West 2018).

150 GA. CODE ANN. § 18-4-5(c) (West 2018).


153 NEV. REV. STAT. ANN. § 31.298 (West 2018).

154 CONN. GEN. STAT. ANN. § 52-361a(j) (West 2018); see also Newby, 659 F. Supp. at 881.

155 IND. CODE ANN. § 24-4.5-5-202(6) (West 2018).


157 MICH. COMP. LAWS ANN. § 600.4015 (West 2018).


159 FLA. STAT. ANN. § 61.12 (West 2018).
employee solely because of a garnishment, may also be held in contempt of court. The New York protects job applicants as well as employees from adverse treatment based on garnishment. In New York, "[n]o employer shall discharge, lay off, refuse to promote, or discipline an employee, or refuse to hire a prospective employee, because of one or more wage assignments or income executions . . . ." This prohibition is coupled with the right to "institute a civil action for damages for wages lost as a result of a violation of this section within ninety days after such violation." Damages include up to six weeks of lost wages and an order reinstating the fired wage earner or hiring the job applicant. The employer's acts can be punished as a contempt of court.

IV. INTEREST ON A JUDGMENT

The interest rate on judgments is one final issue for states to consider as they look at the effect of post-judgment collection practices on low-wage workers. Interest rates are set by statute and vary greatly from state to state in the Appalachian Region. Interest compensates creditors for not having the use of money that a court has concluded belongs to the creditor, and provides an incentive for debtors to pay a judgment quickly to avoid additional cost.

Those additional costs can be considerable. If a court in West Virginia order enters a $5,000 judgment at the statutory rate of seven percent, that judgment will grow by more than $1,000 in just three years. At 12%, the post-judgment interest rate allowable in Mississippi, Alabama, Tennessee, the debt will grow to approximately $7,000.

If the primary purpose of interest on a judgment is to compensate creditors for not having the use of their money, then the amount of interest should bear some relationship to market interest rates. When the post-judgment interest

---

162 Id.
163 Id.
164 Id.
165 "Failing to allow awards of attorneys' fees to bear interest would give parties against whom such awards have been entered an artificial and undesirable incentive to appeal or otherwise delay payment." R.W.T. v. Dalton, 712 F.2d 1225, 1235 (8th Cir. 1983).
166 See infra Appendix I.
rate exceeds market rates, the effect is primarily to punish debtors. In the case of low-income debtors, high interest rates do not serve as a meaningful incentive for prompt payment because the debtor lacks resources to pay the underlying judgment; they only make it impossible for the wage earner to ever pay off the debt. They also provide an incentive for some creditors, particularly third-party debt buyers, to pursue these wage earners and tap into a steady stream of income that ends only when the wage earner leaves the job or declares bankruptcy.

Lowering post-judgment interest rates would ease the burden on low-wage workers. A model for doing so can be found in the interest rate used in federal cases, where it is a long-standing practice to award post-judgment interest. Federal law calculates interest based on the T-bill rate immediately before entry of a judgment. This approach reflects market conditions at the time the judgment is entered, rather than locking in a fixed rate that may be long out of date.

V. CONCLUSION

A host of policies, both federal and state support the working poor—earned income tax credits, child care subsidies, and Medicaid, to name a few. Those policies foster economic stability, but that promise of stability can be undercut by aggressive wage garnishment laws coupled with high interest rates. Although the federal wage garnishment law protects some earnings, it does not protect enough. Reforming garnishment laws offers states in the Appalachian Region a way to boost the economic security of the low-wage workers, at little cost to the state. It is one step in the direction of an integrated poverty policy.

168 "The purpose of post-judgment interest is not, however, to punish the defendant, but to encourage prompt payment and to compensate the plaintiff for another's use of his or her money." Fox Trot Properties, LLC v. DLX, Inc., No. 2015-CA-001515-MR, 2017 WL 3124086, at *4 (Ky. Ct. App. July 21, 2017).


(a) Interest shall be allowed on any money judgment in a civil case recovered in a district court. Execution therefor may be levied by the marshal, in any case where, by the law of the State in which such court is held, execution may be levied for interest on judgments recovered in the courts of the State. Such interest shall be calculated from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding.
The Consumer Credit Protection Act was designed to "relieve countless honest debtors driven by economic desperation from plunging into bankruptcy in order to preserve their employment and insure a continued means of support for themselves and their families."\textsuperscript{172} Today, 50 years after passage of the law, states in the Appalachian Region should consider whether their garnishment laws offer this promised relief and, if not, how can they be revised. It is time for states in the Appalachian Region to take a more deliberate approach in choosing the formula that is used to calculate garnishments and the methods used to implement them. Here are some practices states should consider:

- Protect more hours of work from garnishment. At a minimum, states should protect 40 hours of minimum-wage work from garnishment. Those states that have adopted a minimum wage that is higher than the federal minimum wage should use their own minimum wage in calculating the exemption.

- Exempt at least 50 times the weekly minimum wage from garnishment. Setting the multiplier at this level will, at least for smaller households, prevent wage garnishment from driving household income below the poverty level.

- Exclude a higher percentage of wages from garnishment for all worker. Federal law excludes 75\% of disposable earnings from wage garnishment, but states should exclude 90\%. This would allow for the collection of judgments but provide less incentive for wage earners to quit their jobs.

- For states that try to protect from impoverishment those who are dependent on wage earners by excluding certain dollar amounts from collection, confirm that those amounts are high enough to be meaningful and that some mechanism exists for keeping them current. Although it is commendable that states are trying to build in some kind of safety valve for the poorest families, the reality is that at current wage thresholds in the Appalachian Region, all of these families are struggling, and all of them will be harmed by wage garnishment.

- Be deliberate and restrained about the kinds of debt for which wage garnishments can be used. Recognize that for most workers, and certainly for low-wage workers, wage garnishment is potentially ruinous. In the absence of compelling public policy reasons, states should limit the use of garnishment to collect debt. Specially, states should not allow wage garnishment on consumer credit contracts.

- Prohibit wage garnishment by third-party debt buyers.

• Require wage garnishment to be initiated within three years of the entry of a judgment.

• Ensure that notice provisions inform debtors of exemptions and how to invoke them. Create a mechanism for asserting these rights.

• Require accounting and at least yearly renewal of garnishment. Judgment creditors should not be permitted to set a garnishment in perpetual motion.

• Prohibit firing based on wage garnishment. Make sure that any administrative fees associated with garnishment are sufficient to offset the employer's costs.

A tension exists between creating a system that allows for the expeditious collection of judgments and a system with sufficient procedural safeguards to protect low-wage workers. As the court in Hutchinson v. Cox observed, a state has important interests "in facilitating collection of judgments issued by its courts: an interest in safeguarding the efficacy of its civil justice system and an interest in providing complete justice to the person who recovered the judgment. It also has an interest . . . in keeping its citizens self-sufficient and
States in the Appalachian Region are striving to reduce poverty and improve the quality of life for their citizens. They can do much to promote self-sufficiency and independence, at little cost to the state, by making sure their wage garnishment statutes do not drive low-wage workers into poverty or bankruptcy.

VI. APPENDIX I

Table I illustrates the choices the states in the Appalachian Region have made around minimum wage, interest rates, and wage garnishments:

<table>
<thead>
<tr>
<th>State</th>
<th>Minimum Wage</th>
<th>Interest Rates</th>
<th>Garnishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>None ($7.25</td>
<td>7.5%(^{175})</td>
<td>Greater of 30 times the federal minimum wage or 75%(^{176})</td>
</tr>
<tr>
<td></td>
<td>federal)(^{174})</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>$5.15(^{177})</td>
<td>“prime rate as published by the Board of Governors of the Federal Reserve System, as published in statistical release H. 15 or any publication that may supersede it, on the day the judgment is entered plus 3 percent”(^{178})</td>
<td>Greater of 30 times the federal minimum wage or 75%(^{179})</td>
</tr>
</tbody>
</table>

\(^{174}\) ALA. CODE § 25-7-41(b) (2018).
\(^{175}\) Id. § 8-8-10(a).
\(^{176}\) Id. § 6-10-7.
\(^{177}\) GA. CODE ANN. § 34-4-3 (West 2018).
\(^{178}\) Id. § 7-4-12.
\(^{179}\) Id. § 18-4-5.
<table>
<thead>
<tr>
<th>State</th>
<th>Minimum Wage</th>
<th>Interest Rate</th>
<th>Payment Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky</td>
<td>$7.25</td>
<td>6%</td>
<td>Greater of 30 times the federal minimum wage or 75%</td>
</tr>
<tr>
<td>Maryland</td>
<td>$9.25</td>
<td>10%</td>
<td>Interest on a money judgment for rent of residential premises rate of 6% per annum on the amount of the judgment</td>
</tr>
<tr>
<td>Mississippi</td>
<td>None ($7.25 federal)</td>
<td></td>
<td>Greater of 30 times the federal minimum wage or 75%</td>
</tr>
</tbody>
</table>

180 KY. REV. STAT. ANN. § 337.275 (West 2018).
181 Id. § 360.040.
182 Id. § 427.010.
183 MD. CODE ANN., LAB. & EMP. § 3-413 (West 2018).
184 MD. CODE ANN., CTS. & JUD. PROC. § 11-107 (West 2018).
185 This was modified by Marshall v. Safeway Inc., 88 A.3d 735 (Md. 2014).
186 See MISS. CODE ANN. § 17-1-51 (West 2018).
187 Id. § 75-17-7.
188 Id. § 75-17-1.
189 Id. § 75-17-7.
190 Id. § 85-3-4(2).
<table>
<thead>
<tr>
<th>New York</th>
<th>$9.50 (Higher in NYC, and in Nassau, Suffolk, and Westchester Counties)(^{191})</th>
<th>9%, unless otherwise prescribed by statute(^{192})</th>
<th>Greater of 30 times the state or federal minimum wage or 75% or 90% of gross earnings(^{193})</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Carolina</td>
<td>$7.25(^{194})</td>
<td>8% or rate agreed upon in contract;(^{195}) if parties agreed that contract rate will apply after judgment, then the interest shall be the contract rate; if not, 8%(^{196})</td>
<td>No wage garnishment statute</td>
</tr>
<tr>
<td>Ohio</td>
<td>$8.30 or $7.25 (depending on the size of the employer) ($7.25 for employers grossing $305,000 or less)(^{197})</td>
<td>10% or rate agreed upon in contract;(^{198}) interest calculated at the “federal short-term rate;” uses the market interest rate R.C. §5703.47 Applicable federal short-term interest rate</td>
<td>Greater of 30 times the federal minimum wage or 75%.(^{199})</td>
</tr>
</tbody>
</table>

\(^{191}\) Minimum wage in New York state varies by region and by the size of the employer. For large employers in New York City, the minimum hourly wage is $13.00 per hour. N.Y. LAB. LAW § 652(1)(a) (McKinney 2018). Small employers must pay $12.00 per hour. Id. § 652(1)(a)(ii). Employers in Nassau, Suffolk and Westchester counties must pay $11.00 per hour, and employers in the remainder of the state must pay $10.40. Id. § 652(1)(c).

\(^{192}\) N.Y. C.P.L.R. 5004 (McKinney 2018).

\(^{193}\) Id. 5231.

\(^{194}\) N.C. GEN. STAT. § 95-25.3 (2018).

\(^{195}\) Id. § 24-1

\(^{196}\) Id. § 24-5.

\(^{197}\) OHIO CONST. art. II, § 34a.; OHIO DEP’T. OF COMMERCE, supra note 59.

\(^{198}\) OHIO REV. CODE ANN. § 1343.03 (West 2017).

\(^{199}\) Id. § 2329.66(A)(13).
### Another Day Older and Deeper in Debt

<table>
<thead>
<tr>
<th>State</th>
<th>Rate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>$7.25</td>
<td>6%, if not otherwise provided by statute, or rate provided in the contract</td>
</tr>
<tr>
<td>Tennessee</td>
<td>None</td>
<td>10% if no statutory rate governs or rate agreed upon in contract</td>
</tr>
<tr>
<td>South Carolina</td>
<td>None</td>
<td>12% on all money decrees and judgments of court enrolled or entered or rate agreed upon in contract. 8.75% for cases of accounts stated and in all cases wherein any sum or sums of money shall be ascertained</td>
</tr>
</tbody>
</table>

Exempts wages from garnishment, with a few exceptions.

Greater of 30 times the federal minimum wage or 75% + $10 per month per child.

Explicitly exempts earnings of the debtor for his personal services.

---

200 43 PA. CONS. STAT. § 333.104 (West 2018).
201 42 PA. STAT. AND CONS. STAT. ANN. § 8101 (West 2018); 41 PA. STAT. AND CONS. STAT. ANN. § 202 (West 2018).
202 Sorace v. Sorace, 655 A.2d 125, 130 (Pa. Super. Ct. 1995) (“[T]he attachment of obligor’s wages is a remedy which is extremely circumscribed.”).
204 Id. § 47-14-121.
205 Id. §§ 26-2-106, 107.
<table>
<thead>
<tr>
<th>Location</th>
<th>Rate</th>
<th>Interest Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>$7.25\textsuperscript{209}</td>
<td>6% or rate provided in the contract, if higher\textsuperscript{210} Greater of 40 times the federal minimum wage or 75%\textsuperscript{211}</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$8.75\textsuperscript{212}</td>
<td>7% \textsuperscript{213} 50 times the federal minimum wage or 80%\textsuperscript{214}</td>
</tr>
</tbody>
</table>

\textsuperscript{207} Id. § 34-31-20(A).
\textsuperscript{210} Id. § 8.01-382.
\textsuperscript{211} Id. § 34-29(a).
\textsuperscript{213} Id. § 56-6-31(b).
\textsuperscript{214} Id. § 46A-2-130(2).