Wage Garnishment: Remedy or Revenge?

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Wage garnishment, where the earnings of a debtor are directly attached from the employer, is an extraordinary method of debt collection. Garnishment has been defined as an ancillary statutory proceeding to obtain satisfaction of a judgment. It is an additional step in the original action, remedial in nature, and designed to reach property of the judgment debtor after ordinary execution has failed. The purpose of this note is to determine what justification, if any, there may be for this powerful creditors' right.

**History**

Wage garnishment is a purely statutory power. While it has no direct ancestor in the common law, it indirectly stems from the writ of attachment. However, at common law, attachment could only compel the appearance of the defendant. No lien was placed upon the goods to secure the debt. When the defendant appeared in court, the attachment dissolved. Garnishment can be traced to Roman law however, where it was possible to seize the personal effects of a debtor who did not appear after three summonses. Though unknown in practice, it was possible under Roman law to kill the debtor and divide his body into pieces in proportion to the amount of each creditor's claim. Much more common, however, was the practice of selling the debtor into slavery. During the declining years of feudalism, it was held a

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1. In Massachusetts and the other New England states, with the exception of Connecticut, the terms garnishment and foreign attachment are not used and the remedy is known as trustee process. Riesenfield, *Collection of Money Judgments in American Law*, 42 Iowa L. Rev. 155, 179 (1957). Garnishment refers to the process whereby assets of the debtor in the hands of a third party may be reached by the creditor. Wage garnishments, of course, are directed to the debtor's employer against the debtor's wages. The term garnishment may also include non-wage garnishments in which the non-wage assets of the debtor in the hands of a third party may be reached by the creditor. Non-wage garnishments are most often directed at bank accounts. This Note deals only with wage garnishments.


3. "Garnishment and attachment today are statutory remedies. They are what the state creating them declares they shall be." Sanders v. Armour Fertilizer Works, 292 U.S. 190, 208 (1934) (Cardozo, J.)


mortal sin to be insolvent. Debtors were excommunicated from the church—unable to receive sacraments or to be given a Christian burial. From the end of the feudal period until the nineteenth century, imprisonment for debt was normal in England and the United States.\textsuperscript{6}

In American law garnishment is more closely related to the right of “foreign attachment” which developed in England during the Middle Ages. Foreign attachment was a procedure whereby the goods of a foreigner, held in the hands of a third party, could be confiscated to satisfy a debt. Two writs of execution had developed at common law to enforce judgments—\textit{fieri facias}\textsuperscript{7} and \textit{elegit};\textsuperscript{8} but neither reached property held by a third party. In order to overcome this obstacle to debt collection, the English courts of equity introduced the creditor’s bill. The creditor could use this device to satisfy his judgment by confiscating assets belonging to, but not actually held by, the judgment debtor.\textsuperscript{9} However, because default judgments were not recognized in England until 1725, the creditor’s bill was a rather ineffectual remedy. Attachment\textsuperscript{10} still was effective only to persuade the debtor to come into court as the goods attached could not be used to satisfy the claim against the debtor on default.\textsuperscript{11}

The laws of England concerning attachment were incorporated virtually intact by the American colonies. The creditor, however, faced with increasingly complex business practices, demanded a strengthened ability to enforce repayment. The folly of debtors’ prisons was apparent at this time to almost everyone.\textsuperscript{12} Their abolition in many states was a strong impetus for strengthening and extending creditors’ remedies.\textsuperscript{13} As late as 1969, Maine still had a debtors’ prison for civil debts (other than alimony or child support).

Garnishment, in the nature of attachment, was authorized in Mary-

\textsuperscript{6} Id. at 25-28.
\textsuperscript{7} Under \textit{fieri facias} the debtor’s goods could be seized and sold by the sheriff. Sweeney, \textit{Abolition of Wage Garnishment}, 38 Ford. L. Rev. 197, 201 (1971).
\textsuperscript{8} Id. The writ of \textit{elegit}, authorized in 1285, allowed the debtor’s goods and a portion of his lands to be sold.
\textsuperscript{10} Both attachment and execution refer to the seizure of a defendant’s property; attachment takes place prior to judgment to secure the satisfaction of any potential judgment while execution occurs after judgment for its enforcement. Brunn, \textit{Wage Garnishment in California: A Study and Recommendations}, 53 Cal. L. Rev. 1214, 1215 (1965).
\textsuperscript{11} Wilson and Alexander, supra note 9, at 93.
\textsuperscript{12} Georgia was founded by General Oglethorpe and promoted as a haven where debtors might begin life anew. Though the South continued to eschew debtor’s prisons in the early period of United States history (before 1830) there were between three to five times as many persons in jail for debt as for crime. Ford, supra note 5, at 28-31.
\textsuperscript{13} Riesenfield, supra note 1, at 178.
land in 1715 and in Delaware in 1770. However, many states were slow to authorize wage garnishments since wage garnishments have been less favored than attachments in Anglo-American law. New York did not allow their use until 1908. Despite this disfavor, practically all states have had wage garnishment at one time.

Wage garnishments became important in the twentieth century. Three important social changes have made wage garnishments a matter of concern. Foremost is the change in the national work force. A far larger portion of the work force is subject to wage garnishment now as opposed to when it was first developed as a creditors' remedy. Currently, the bulk of the work force consists of wage earners, whereas when the law was developing, most persons were self-employed. Secondly, a significant reversal has taken place in the social attitude toward indebtedness. Money lending for interest was once banned by the churches. Debtors were unremorsefully thrown in jail if they could not pay. They were viewed as criminals and social misfits. Only in this century has the social stigma attached to consumer credit dissipated. Coupled with this change in attitude has come the third change—the tempting accessibility of consumer credit.

Individual debt, not so long ago discouraged and regarded with suspicion is now encouraged. More than encouraged, debt today is merchandised as intensively and skillfully as any commodity, notwithstanding pious reminders to "never borrow money needlessly."

Credit, credit cards, and debt are now part of an accepted way of life. Consumer credit has proliferated in the last few years. Total credit has expanded from 7.2 billion dollars in 1939 to 99.2 billion dollars in 1967. Even more impressive is the fact that it rose to 157.0 billion dollars by the end of 1972, an increase of 58.3 billion dollars in only a five year period. Concomitant with this tremendous expansion of consumer credit, the use of garnishment as a creditors' remedy has also increased dramatically. When indebtedness was infrequent, society had no need to examine creditors' remedies. Today, thousands of persons' wages are garnished each year; credit and creditors' remedies have become an integral part of the tenor of American life. These changes have increased the need for a reassessment, at least, of the wage garnishment laws as they exist today.

\[14. \text{Id. at 179.} \\
15. \text{Snyder, Garnishment in Kentucky—Some Defects, 45 Ky. L.J. 330 (1957).} \\
16. \text{Riesenfield, supra note 1, at 180.} \\
17. \text{Brunn, supra note 10, at 1244.} \\
THE LAW

In most cases garnishment is not allowed until after judgment.\(^{19}\) Illinois law is representative of most state law in that it does allow prejudgment garnishment in certain situations. The debt must be over 20 dollars and one of four conditions must be met. There must be either: (1) the concealment or unavailability of assets; (2) the threat or possibility that the debtor may leave the jurisdiction; (3) the presence of evidence of fraud in the transaction underlying the debt or contract sued upon; or (4) the fact that the debtor is a non-resident. If fraud is asserted, Illinois also requires that the alleged fraudulent statements be reduced to a writing signed by the debtor.\(^{20}\) *Sniadach v. Family Finance Corporation*,\(^{21}\) in 1969, mandated a provision for prior hearings in prejudgment garnishment proceedings.\(^{22}\) The fact that action was not taken in this area until 1969 illustrates the neglect and need for reform of the garnishment laws.\(^{23}\)

Federal regulations have standardized wage garnishment to some extent. There are now legal limits to the amount of current wages subject to garnishment. The Consumer Credit Protection Act of 1968 (CCPA) provides that the maximum portion of the aggregate disposable earnings\(^{24}\) of an individual for any workweek, which is subject to garnishment, may not exceed the lesser of: (1) 25 percent of his disposable earnings for that week or (2) the amount by which his disposable weekly income exceeds 30 times the federal minimum hourly wage in effect\(^{25}\) at the time the earnings are payable.\(^{26}\) In other words the Act exempts 75 percent or 48 dollars of the debtor’s disposable earnings per workweek, whichever is greater.

\(^{19}\) See, e.g., ILL. REV. STAT. ch. 11 § 1 (1971).

\(^{20}\) Id.


\(^{22}\) Id. at 341-42. “The result is that a prejudgment garnishment of the Wisconsin type may, as a practical matter, drive a wage-earning family to the wall. Where the taking of one’s property is so obvious, it needs no extended argument to conclude that absent notice and a prior hearing this prejudgment garnishment procedure violates the fundamental principles of due process.” (Douglas, J.)

\(^{23}\) It is interesting to note that in a survey of 227 instances of prejudgment garnishment, taken in the state of Washington before the *Sniadach* decision, not one went to trial. Judge Patterson of the Everett district court in Washington recalls only one case out of 2,600 where the defendant went to trial after a prejudgment garnishment. Such is the great coercive power in prejudgment garnishment. Patterson, *Forward: Wage Garnishment an Extraordinary Remedy Run Amuck*, 43 WASH. L. REV. 735, 736 (1968).


\(^{25}\) At this writing the federal minimum hourly wage is $1.60 per hour. H.R. 7935 which would have increased the minimum hourly wage to $2.20 was vetoed by President Nixon and the House of Representatives failed to override the veto. H.R. 7935, 93d Cong., 1st Sess. (1973).

\(^{26}\) Consumer Credit Protection Act, Title III, 15 U.S.C. § 1673 (1973) [hereinafter cited as CCPA].
The Uniform Consumer Credit Code (UCCC), which must be enacted by each state individually, regulates garnishment more stringently than the CCPA. However, the UCCC’s limitations are only applicable where garnishment is used to enforce payment of a judgment arising from a consumer credit sale, consumer loan, or consumer lease. Under UCCC, 75 percent of wages for each workweek or 40 times the federal minimum hourly wage is exempt.

The loss of 25 percent of one’s wages can still mean great hardship to a family.

For most wage earners, weekly wages are the only assets of any real importance. Where there are neither savings, benevolent friends, nor relatives to fall back on, the loss of garnished wages . . . may mean eviction on a three day notice for failure to pay rent, repossession of the car necessary for transportation to the job, arrest for failure to make support payments, or any number of hazards which afflict the man [sic] who is unable to meet his obligations when due.

The 75 percent exemption, even so, is a great improvement over many of the laws preexisting the CCPA. California allowed creditors to take 50 percent of a person’s earnings, as did Utah and Vermont. Tennessee exempted only $17 per week for the head-of-family plus $2.50 for each dependent child and $12 per week for non-heads-of-family. Thus, in Tennessee, a married person with three children could receive as little as $24.50 per week if his wages were subject to garnishment.

If state statutes provide greater exemptions than does the CCPA, the state statutes prevail. Illinois law restricts wage garnishments to 15 percent and sets a maximum garnishment of $200 per week. New York exempts 90 percent of one’s earnings.

28. UNIFORM CONSUMER CREDIT CODE § 5.105 [hereinafter cited as UCCC]. The 75 percent exemption provisions of the UCCC have not been widely accepted. Of the states that have not accepted the UCCC, Indiana, Colorado, Kansas, Oklahoma, and Wyoming have changed the minimum exemption to 75 percent or 30 times the federal minimum hourly wage. Utah has accepted the provisions as suggested. The UCCC was only intended to apply to judgments arising from a debt on consumer credit sales, consumer leases, or consumer loans. This would encompass almost all garnishments, however. See Appendix C.
29. Patterson, supra note 23, at 737.
30. In 1967 Tennessee changed the exemption for the head-of-family to the greater of 50 percent on 20 dollars per week, subject to a weekly maximum of 50 dollars. An additional $2.50 was allowed for each dependent child. One who was not the head of a family received an exemption equal to the greater of $17.50 or 40 percent subject to a $40 weekly maximum. This has been superseded, of course, by the CCPA. TENN. CODE ANN. § 26-207 (1967).
The CCPA also prohibits discharge from employment because of garnishment for any one debt. But if there are any garnishments on two separate debts the employer has a legal right to discharge the employee. However, even if there are many wage garnishments for the collection of one debt, the employee may not be discharged. The UCCC prohibits termination because of garnishment under any circumstances.\(^3\)

Though admirable in intent, on the practical level these restrictions on employee discharge are next to impossible to enforce. Employers may mask their real reasons for discharging an employee behind innumerable, seemingly plausible, justifications.\(^4\)

Further restrictions on wage garnishments are left to the states. Illinois provides that the first wage deduction summons takes priority and subsequent summonses are effective for successive periods in the order served.\(^5\) In other states many creditors may levy at the same time. In Georgia all garnishments from the same term of court have equal priority.\(^6\) Connecticut demands that the courts first order a reasonable payment schedule before a wage garnishment may be obtained.\(^7\) In some states public employees are subject to garnishment while in others they have sovereign immunity. Clearly, the laws vary widely from state to state. One writer feels that the great disparities among the laws of the several states relating to garnishment, in effect, have destroyed the uniformity of the bankruptcy laws and frustrated their purposes in many areas of the country.\(^8\) Standardization is necessary as a first step toward any partial reform of the garnishment laws.\(^9\)

**The Effects of Wage Garnishment**

While the history of garnishment and the present state of the law have been discussed, the law's impact has not been examined. The facial intent of the law is to collect debts; it often punishes too. Garnishment does collect debts not only through the legal mechanics envisioned by the framers of the law, but also through unforeseen coercive consequences. In fact, it is such a powerful tool that it sometimes causes payment for a debt that does not really exist.\(^10\)

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33. UCCC § 5.106.
34. Adding to the surrealism of the prohibition are the penalties: a fine of up to $1,000 and a possible year in jail. 15 U.S.C. § 1674 (1973).
35. ILL. REV. STAT. ch. 62 § 77 (1971).
37. CONN. GEN. STAT. REV. §§ 52-361(a), (b), (f) (1973).
39. For a table of the garnishment laws, see Appendix A.
40. In one of the cases surveyed (see Appendix C), suit was filed for a claim of $22.50. The debtor eventually paid not only the $22.50 but an additional $68.50 in court costs. Rather than face the possibility of a judgment with the imposition of
Overview

Credit was originally extended by the merchant to the customer to promote the sale of merchandise. Today the motivation is reversed; the sale of merchandise promotes the sale of credit. In 1939, 7.2 billion dollars in consumer credit was extended.\(^4\) By June 1973, 167.1 billion dollars in consumer credit was outstanding.\(^2\) This represents $819.82 for every man, woman, and child in the United States. Sears, Roebuck and Co., Montgomery Ward and Co., J.C. Penney Co., Inc., W.T. Grant Co., City Stores, Inc., Alden's Inc., Gamble-Skogmo, Inc. and other large retailers now own their own finance companies.\(^4\) Conversely, many loan companies have been buying control of chains of stores which generate credit accounts for them. Beneficial Finance Co. now owns Western Auto Supply Co. as well as Spiegel, Inc. Household Finance Loan Corp. owns White Stores, Inc., Coast to Coast Stores, Inc., Ben Franklin Stores and the Colby Corp. furniture stores—a total of over 4,500 stores.\(^4\)

Collection of this phenomenal consumer indebtedness also is big business. There are over 5,000 collection attorneys listed in the Commercial Bar List. There were over 60,000 garnishments issued in Chicago alone last year.\(^4\)

The Individual

Wage garnishment has tremendous social repercussions. One of the consequences of wage garnishment, and at the same time one of the most valid reasons for its abolition, is that wage garnishment is a triggering factor in many bankruptcies. The underlying causes of personal or consumer bankruptcies are: unemployment, over-extension of credit, deficiency claims arising from repossession of goods sold on installment contracts, excessive interest rates and unusual medical and costs together with the loss of time at work, a defendant will often pay the alleged debt whether he owes it or not. See Chicago Daily News, Oct. 3, 1973, at 8, col. 1, which chronicles the case of a legally naive Chicagoan who went to jail for a debt he allegedly did not owe.

43. Other examples of this phenomenon of vertical integration of consumer credit are Chrysler Credit Corp., Ford Motor Credit Co., and General Motor Acceptance Corp.
45. It is estimated by officials of the Cook County Sheriff's Office that service of garnishments alone would account for the full-time work of 24 deputies.
hospital bills; but the one overriding precipitative factor is the garnishment or threat of garnishment of wages.\textsuperscript{46}

The tremendous increase in consumer credit has been accompanied by the increase in consumer bankruptcies. At the close of World War II, there were only slightly more than 10,000 bankruptcies annually.\textsuperscript{47} In 1972, there were 187,714.\textsuperscript{48}

It is estimated by the Bureau of Labor Statistics that in an inflationary economy the average wage earner needs 85 to 90 percent of his salary, after taxes, just to meet current expenses.\textsuperscript{49} The typical person whose wages are garnished is not the average wage earner. He is more likely to be a blue collar worker of low income who disburses an even greater percentage of his income to provide necessities.\textsuperscript{50} It is not surprising, then, that the debtor has often turned to bankruptcy as a means of financial relief,\textsuperscript{51} especially when more than the present federal maximum of 25 percent of his wages were subject to garnishment. Unfortunately, garnishment is often a very harsh and impersonal remedy.\textsuperscript{52}

Comparisons of the bankruptcy statistics for the various states confirm the relationship between garnishment and bankruptcies. The following table comparing the states with the highest and lowest bankruptcy rates in 1971 illustrates the effect that garnishment laws have upon the frequency of bankruptcy.\textsuperscript{53}

\begin{quote}
46. \textit{Hearings, supra} note 44, at 419 (testimony of Estes Snedecor, referee in bankruptcy and past president of the National Conference of Referees in Bankruptcy).
47. \textit{Hearings} at 416.
48. \textit{ADMINISTRATIVE OFFICE OF UNITED STATES COURTS, REPORT OF THE DIRECTOR,} table F-1, A-72 (1972) [hereinafter cited as \textit{ANNUAL REPORT}].
49. \textit{BUREAU OF LABOR STATISTICS, REP. No. 237093, CONSUMER EXPENDITURES AND INCOME 193 (1965).}
50. The excessively indebted person is more likely to be white than black merely because there are more white people than black people in the United States. It is estimated that 11 percent of the white debtors are overextended compared to about 40 percent for blacks. Ryan and Maynes, \textit{The Excessively Indebted: Who and Why,} 3 \textit{J. CONSUMER AFF.} 107, 112 (1969). In the survey which was taken by the writer, 31 cases filed against lawyers by West Publishing Company were found. Had these cases followed the average, garnishments should have been filed in at least nine cases. Not one garnishment was filed. Non-wage garnishments against bank accounts were filed in seven cases. See Appendix C \textit{infra}.
51. Bankruptcy is often illusory relief. Debts incurred through fraud are not dischargeable. Failure to list all debts on the finance company loan form, for example, is fraud. The theory is that had the loan company known about the debts it would not have made the loan. It is not uncommon, however, for the debtor to be told to merely list his three major creditors and the amounts owed. These verbal instructions, however, are of little comfort to the debtor in bankruptcy court where he has not listed all debts.
52. It should be noted, however, that workmen's compensation, welfare and public pensions are generally not subject to garnishment. \textit{ILL. REV. STAT.} ch. 62 § 33 \textit{et seq.} (1971).
53. A comparison of the 1965 statistics is even more dramatic since the federal minimum exemption of 75 percent set by the CCPA was not then in effect.
\end{quote}
HIGHEST AND LOWEST BANKRUPTCY RATES IN 1971\textsuperscript{54}

<table>
<thead>
<tr>
<th>State</th>
<th>No. of Bankruptcies per 10,000 Population</th>
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<th>No. of Bankruptcies per 10,000 Population</th>
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<tr>
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<tr>
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<td>National Average</td>
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Of the states with the lowest bankruptcy rates, four exempt 100 percent of wages from garnishment, while one exempts $120, well exceeding the federal minimum of $48. All of the states with the highest bankruptcy rates have the lowest exemptions (75 percent) allowed by law. The exemptions of Maine, Nevada, Oregon, and Tennessee were raised to the minimum standard set by the CCPA.

Illinois and Iowa are most illustrative of the relation garnishment laws have with bankruptcies. In 1961, Illinois raised its minimum exemption from wage garnishments from $45 to 85 percent of one's wages when that figure exceeds $45. This minimum was increased to $65 in 1967.\textsuperscript{55} The effect was that between 1961 and 1963, bankruptcies in Illinois declined from 15,427 to 13,407, a 13 percent drop,

STATES HAVING THE HIGHEST AND LOWEST BANKRUPTCY RATES IN 1965

<table>
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<tr>
<th>STATE</th>
<th>NO. OF BANKRUPTCIES PER 10,000 POPULATION</th>
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<td>National Average</td>
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Of the states with the lowest bankruptcy rates four had 100 percent exemptions while in Maryland the use of garnishment was extremely limited. Md. Ann. Code art. 9 § 31 (Supp. 1965). Of the states with the highest bankruptcy rates only Alabama had an exemption as great as 75 percent. Ala. Code tit. 7 § 630 (1960). Excellent empirical comparisons of this kind dealing with pre-Title III garnishment data may be found in Brunn, supra note 10, generally.

\textsuperscript{54} The bankruptcy statistics came from the 1972 ANNUAL REPORT, supra note 48, at Table F-2, while the population statistics came from the 1966 and 1972 STATISTICAL ABSTRACTS.

\textsuperscript{55} ILL. REV. STAT. ch. 62 § 73 (1972).
while the national total rose 18 percent.\textsuperscript{56} Iowa had the opposite experience. In 1957, it abolished its 100 percent exemption and substituted an exemption of $35 per week plus $3 per week for each dependent.\textsuperscript{57} From 1957 to 1963, the number of bankruptcy petitions in Iowa quadrupled. It should be noted, though, that Iowa managed to keep its bankruptcy rate down largely because no creditor was allowed to garnish beyond $150 plus costs on any one debt.

This is not to say that Illinois' 85 percent minimum exemption is effective in alleviating consumer distress and resultant bankruptcy. Clearly it is not. Ohio, Illinois, Pennsylvania, and Texas all have populations of approximately the same size and similarly well-developed economies. Yet, Ohio and Illinois together had 28,432 bankruptcies in 1972, while Texas and Pennsylvania only had 4,199—only 14.7 percent as many bankruptcies. The difference is that Texas and Pennsylvania exempted 100 percent of wages from garnishment.\textsuperscript{58}

The Consumer Credit Protection Act has been less than an adequate response. It has had a noticeable impact upon bankruptcies, but it has not checked the rising bankruptcy rates. While bankruptcy rates for 1971 increased 8.7 percent over 1970 in states whose wage exemptions were not affected by federal law, the rate decreased 0.6 percent in states whose wage exemptions were increased by federal law in 1971.\textsuperscript{59} However, the national average of bankruptcies was still 9.2 per 10,000 population in 1971 and 9.1 in 1972. For the nine states which have effectively abolished wage garnishment of low income debtors\textsuperscript{60} the rate was 2.3 per 10,000 population in 1971 and 1972, one-fourth the national average. Thus, while the CCPA will have a salutary effect in standardizing the exemption and bankruptcy rates, it does not go far enough to eliminate the bankruptcy problems resulting from garnishment.

But the economic costs of bankruptcies should not be of greatest concern. There is a qualitative dimension of human distress to bankruptcy that underscores the economic costs.\textsuperscript{61} A survey in Milwaukee of 634 families which first became independent of welfare during the months of October 1964 and May 1965 revealed that 23.3 percent of

\begin{thebibliography}{9}
\bibitem{56} 1961\textit{ Annual Report}, \textit{supra} note 48, at Table F-2; 1963 \textit{Annual Report}, \textit{supra} note 48, at Table F-2. See Appendix B \textit{infra}.
\bibitem{57} \textit{Iowa Code} § 627.10 (1958).
\bibitem{60} Arkansas, Florida, Maryland, Massachusetts, North Carolina, Pennsylvania, South Carolina, South Dakota, and Texas.
\bibitem{61} Patterson, \textit{supra} note 23, at 738.
\end{thebibliography}
the families suffered wage garnishment by February 1966. While not overlooking the wrong done to the honest creditor who gets 10 cents on the dollar, it is hard to fault the debtor who turns to bankruptcy so that his children do not go hungry.

Another major social cost arising from wage garnishment is the problem of discharge from employment because of garnishment. Technically, discharge for garnishment for any one debt is prohibited by the CCPA. The employer who does not want to be bothered with the problems and costs associated with the garnished workers can easily circumvent the law. To be fair to the employer, the garnished worker probably becomes less efficient as he concentrates more on his serious financial problems than on his job. In addition, there are bookkeeping problems and dangers of the employer's liability for the full amount of the employee's debt if the employer fails to answer. A drawback to wage garnishment is that it involves an innocent third party, and usually provides inadequate compensation for his trouble. The Boeing Company in Seattle, Washington, estimates that it is served with 500 writs of garnishment per month and spends over $200,000 per year because of garnishments. A personnel official of General Motors confirms firing 45 employees in one year because of garnishments. The threat of discharge is an overly powerful weapon to give to the creditor. It is often the first step the creditor takes because it is so easy to institute. One who has invested many years in a job will hesitate to put it in peril by fighting an unjust but small claim. The social and economic costs created by the discharged worker are great. The employer must train new personnel. The economy loses the worker’s output, and he may be forced to petition for bankruptcy or to turn to welfare. In a study of 827 persons applying for general assistance relief, the Cook County Department of Public Aid found that about nine percent of the applicants had been fired from their jobs due to garnishments.

There are at least four potential solutions to this problem. A law could be enacted prohibiting all discharges resulting from garnishment.

64. The Cook County Credit Bureau in a Chicago survey of 1,100 employers in 1964 found that processing a single garnishment costs a company from $15 to $35, most of which comes from bookkeeping, computer time, attorneys' time, and time off the job spent by the employee at the personnel office. Hearings, supra note 44, at 72.
68. Hearings, supra note 44, at 72.
Although this could be easily circumvented, it would be helpful. Another possibility would be to substitute a trusteeship arrangement to settle debts. Chapter XIII wage earners' plans under the Bankruptcy Act provide for the submission of wages to the court and the composition and payment of debts out of future earnings. Chapter XIII proceedings, however, are not practical for the wage earner who is only temporarily behind in his payments. Also exemptions could be increased so that the use of wage garnishment is curtailed. This has been tried in New York which exempts 90 percent of wages from garnishment but discharges because of garnishment are still common. All of these proposals might reduce the problems but not eliminate it. Further, they would do little to ameliorate the causes of bankruptcy. The fourth possibility would be to eliminate wage garnishments, at least for low income families. This would not only eliminate job terminations because of garnishment but would eliminate wage garnishments as a factor in bankruptcies.

The Judicial System

While the use of wage garnishment is expedient for the creditor, it is burdensome on the courts. Each month, thousands of garnishments are filed in Chicago alone. In 1972 there was one garnishment for every 54 persons living in Chicago. The national total is in the millions. This entails costs to the taxpayer. The Circuit Court of Cook County for the First Municipal District (Chicago) allocates one judge just to handle citations and garnishments. Millions of dollars are collected yearly through this process. The public is subsidizing the debt collection of private creditors since the sheriff's costs are often double the fees collected. Furthermore, the organized creditors appear to be able to control this process.

In addition to the economic cost to the public, both the creditor and the debtor may incur costs. The debtor has to pay sheriff's fees for the garnishment and therefore only a part of the proceeds is applied to his debt. In Illinois the creditor has to pay the employer's fee which is by law $2 or 2 percent of the amount required to be deducted, which-


70. Derived from unpublished data kept by the Circuit Court of Cook County.

71. The San Francisco sheriff's office had been in the practice of supplying affidavits for further exemptions when they served the garnishment. Under pressure from collection agencies they discontinued the practice. Brunn, supra note 10, at 1218.
ever is greater.\textsuperscript{72} The process is time-consuming. In Illinois garnishment remain in force for 60 days.\textsuperscript{73} Because the creditor does not get his money quickly, he loses the use of his money.

To summarize there are greater monetary costs to all parties involved: creditors, debtor, employer, and government, especially the judicial system. Increased costs are an imperfection and a nuisance but not a major drawback that would justify the abolition of wage garnishment.

The Consumer Credit Industry

Thus far only the drawbacks of wage garnishment have been discussed. It has been shown that the evils resulting from garnishment are bankruptcy, loss of jobs, increased economic costs and human distress. The question now arises: do the positive aspects of wage garnishment justify its continuation?

Collection agencies and finance companies are the major users of wage garnishment. In the survey of wage garnishments set forth in Appendix C, 94 percent of the garnishments were brought by collection agencies or finance companies.\textsuperscript{74} Collection agencies alone accounted for 54.4 percent of the garnishments. Yet, of the total sample surveyed (including those cases in which garnishments were not filed) collection agencies and finance companies brought suit in only 71.9 percent of the cases examined. This means that collection agencies and finance companies are more likely than other creditors to use garnishment as a means of collection. The major creditors who used wage garnishment were: the telephone company (which accounted for 27.2 percent of the garnishments),\textsuperscript{75} finance companies (23.5 percent) and medical and dental creditors (19.7 percent). In cases involving these major garnishors, only one did not involve a collection agency or a finance company. The average recovery from garnishments in cases where this remedy was used was $145.42; the average debt involved was $417.29. If we extrapolate the average of $417.29 over all 695 cases in Appendix C the total debt would be $290,016.55; yet the recovery

\textsuperscript{72} ILL. REV. STAT. ch. 62 § 83 (1971).
\textsuperscript{73} ILL. REV. STAT. ch. 62 § 77 (1971).
\textsuperscript{74} The sample of cases in Appendix C was taken from the files of Metropolitan Chicago Attorneys who wish to remain anonymous for reasons of professional ethics. Every sixth file was surveyed to insure that the sample would be representative and only cases closed between January 1, 1971 and October 1, 1973 were included in the survey.
\textsuperscript{75} This was not due to a preponderance of Illinois Bell cases. Rather, it was due to the fact that in nearly every collection case filed the collection agency had a garnishment issued.
Wage Garnishment

from the garnishments would be only $30,975.45. Obviously, wage garnishment is not the most effective method of debt collection.

The argument of those favoring garnishment is that recovery on accounts is lower where garnishments cannot be used. The corollary to the recovery argument is that credit to the poor will be adversely affected if this remedy is not available to creditors. It is further contended that greater losses on accounts will increase prices, again hurting the poor more than any other class. This argument merits careful attention. The law should serve the general welfare of the greatest number. It would be wrong if the majority of the poor who never have their wages garnished were to suffer loss of credit and diminished buying power. Credit is very important to the poor. The poor need installment credit to buy necessary household items which they otherwise would have to forgo. This may cause great hardship. Moreover, the poor may need credit in emergency situations. Purchases on credit and medical expenses are the main sources of suits that lead to garnishment.

The facts, however, do not support the argument that the abolition of wage garnishment adversely affects retail sales, bad debt losses, prices or consumer credit. Although the consumer credit industry is convinced that garnishment is essential to its well-being, its faith is misplaced. The amount gained through garnishment is more than offset by the amount lost through bankruptcies. States with high bankruptcy rates, which are the states with low garnishment exemptions, have high bad debt losses. The relationship between bankruptcies and bad debt losses is not strong. The data operates only to show that low bankruptcy rates are not related with high bad debt losses.

From this, though, we can conclude that a 100 percent exemption will not drastically increase bad debt losses. Nor has the raising of the mini-

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67. The data for Illinois also operates only in the negative sense. The growth of bad debt losses was fairly constant throughout the 1960's despite the fact that Illinois garnishment law was changed significantly in 1961 and, thus, while we cannot say that the percent exemption had no effect, we can say that it did not have a decisive effect in increasing bad debt losses.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Bad Debts</th>
<th>% of Total</th>
<th>Dollar Amount</th>
<th>% of Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td>20,997</td>
<td>3.14</td>
<td>$5,806,683</td>
<td>2.43</td>
</tr>
<tr>
<td>1964</td>
<td>25,482</td>
<td>3.95</td>
<td>8,761,378</td>
<td>3.46</td>
</tr>
<tr>
<td>1969</td>
<td>23,830</td>
<td>4.81</td>
<td>8,921,868</td>
<td>4.73</td>
</tr>
</tbody>
</table>

mum exemption affected the extension of consumer credit. Between 1966 and 1970, consumer credit grew from 96.2 billion dollars to 127.2 billion dollars, a growth of 30.9 billion dollars, a rate of 7.7 billion dollars per year. After the enactment of the CCPA, consumer credit grew at an unprecedented pace. By 1972, consumer credit had grown 30.4 billion dollars to a level of 157.6 billion dollars for a growth rate of 15.2 billion dollars per year. In other words, after the enactment of more restrictive garnishment laws, the expansion of consumer credit increased 97 percent. This is not an illusory figure. The rate of inflation, as measured by consumer prices between 1966 and 1970, was even greater than the rate of inflation between 1970 and 1971. Therefore, if these figures were adjusted for inflation, the expansion of consumer credit increased 99 percent after the implementation of the more restrictive garnishment procedures.

Installment credit has not suffered either. Neither the growth rate nor the rate of repayment has declined. In 1968, the rate of repayment was 91 percent; after the enactment of the CCPA, it rose to 93 percent.

In any event, credit is being oversold. To many creditors, the fact that they can sue and garnish seemingly is more important than the debtor's ability to pay voluntarily or the security which he can pledge. If consumers are not overly indebted beyond their capacity to repay they will have the funds to pay their debts.

Furthermore, retail sales have not suffered where garnishment is not permitted. While comparisons of retail sales always involve myriad

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXTENSIONS</th>
<th>REPAYMENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>97.1</td>
<td>88.1</td>
<td>90.7</td>
</tr>
<tr>
<td>1969</td>
<td>102.9</td>
<td>94.6</td>
<td>91.9</td>
</tr>
<tr>
<td>1970</td>
<td>104.1</td>
<td>101.1</td>
<td>97.1</td>
</tr>
<tr>
<td>1971</td>
<td>117.6</td>
<td>109.3</td>
<td>92.9</td>
</tr>
</tbody>
</table>


80. Many unscrupulous loan companies engage in the practice of "flipping" loans. This is the practice of setting up a new loan that incorporates the balance of the old. One debtor negotiated five loans with one company during a period of 11 months, the total sum of which was $1,548.02. Interest charges amounted to $716.58; investigation charges $185.04; insurance premiums, life, health, accident and property insurance $678.41; and recording fees $9.50. Thus, in order to receive the sum of $1,598.02 the debtor obligated himself to repay $3,137.55. The debtor was earning $50.00 per week. Hearings, supra note 44, at 425. This loan was negotiated before the CCPA became law. Today this debtor would be protected because of the limitations on garnishment. However, as is likely, if his wages now exceed 30 times the federal minimum wage, he is subject to garnishment.
Wage Garnishment

factors, the following chart illustrates that the abolition of wage garnishment will not seriously impair retail sales. Texas and Pennsylvania have no wage garnishment for low income persons while Ohio and Illinois do. All four states have approximately the same population, as well.

**RETAIL SALES (BILLIONS OF DOLLARS)**

<table>
<thead>
<tr>
<th>State</th>
<th>1963</th>
<th>Per Capita Sales (Dollars)</th>
<th>1967</th>
<th>Per Capita Sales (Dollars)</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio</td>
<td>12,905</td>
<td>1287.92</td>
<td>16,295</td>
<td>1564.72</td>
<td>26.3</td>
</tr>
<tr>
<td>Illinois</td>
<td>15,190</td>
<td>1464.94</td>
<td>19,252</td>
<td>1758.65</td>
<td>26.7</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>13,911</td>
<td>1219.19</td>
<td>17,497</td>
<td>1497.90</td>
<td>25.8</td>
</tr>
<tr>
<td>Texas</td>
<td>12,715</td>
<td>1239.76</td>
<td>16,449</td>
<td>1551.94</td>
<td>29.4</td>
</tr>
<tr>
<td>U.S. Total</td>
<td>244,202</td>
<td>1294.41</td>
<td>310,217</td>
<td>1571.71</td>
<td>27.0</td>
</tr>
</tbody>
</table>

The proponents of wage garnishment claim that its abolition would cause an increase in prices. That is not true. Houston and Dallas have relatively low living costs while Chicago and Cleveland have relatively high living costs. Again, these statistics operate only to show that garnishment does not significantly increase or decrease the cost of living. Cleveland, Ohio, for example, has a cost of living index of 103 while Cincinnati, Ohio, has a cost of living index of 96. Like the cost of living index, the Consumer Price Index fails to reflect the garnishment laws.

**CONSUMER PRICE INDEX**

<table>
<thead>
<tr>
<th>Average</th>
<th>121.3</th>
<th>Houston</th>
<th>120.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland</td>
<td>122.8</td>
<td>Chicago</td>
<td>120.8</td>
</tr>
<tr>
<td>Dallas</td>
<td>121.3</td>
<td>Pittsburgh</td>
<td>121.5</td>
</tr>
</tbody>
</table>

Thus, the abolition of wage garnishment is not associated with higher prices, lower retail sales, lower consumer credit, higher bad debt losses, lower installment credit or any of the other evils commonly ascribed to it. Two conclusions follow. First, the abolition of wage garnishment will have little or no effect on credit available to the poor. Second, creditors' remedies will not be seriously affected. Retail and consumer credit firms are in business for profit. If they could not recover on loans, they would cease to make them. Over the years creditors have developed a potent arsenal of remedies to use against the delinquent debtor. These include prelitigation collection procedures, skip tracing,

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repossession, attachment and execution, levies against automobiles, bank accounts, and homes, liens of various kinds, judicial examination of debtors, and contempt proceedings.\textsuperscript{84}

Elimination of wage garnishments may open a Pandora's box of trouble. Levies may be even more harsh than garnishment. While researching this article, the writer learned of the case of an unemployed widow whose camper (worth $7,000, when new) was attached for a delinquent debt of $296. However, in this case, she was able to raise the cash to pay off the debt. While this woman certainly would have suffered had the sale gone through, particularly at a distressed price, levies are not always so unjust. In the first place, the woman could have sold the camper for a fair price herself and paid the debt off from the proceeds. Also, this remedy only hurts those who have assets that can be used to satisfy a debt. Secondly, one can deduce from the bankruptcy data that levies are not so harsh. If there were unbearable hardship, the bankruptcy rate for states without garnishment would be closer to states that have garnishment. But states without garnishment have the lowest bankruptcy rates.

Both Texas and Illinois have the standard remedies available to creditors: non-wage garnishment, hypothecation of collateral, citation proceedings to discover assets together with contempt, liens, attachment, and the extra-legal remedies used by collection agencies. The only distinction between these two states is that Texas does not have wage garnishment.\textsuperscript{85} The laws of Pennsylvania are similar in all respects to those of Texas and Illinois except that as in Texas, Pennsylvania has no wage garnishment proceedings.\textsuperscript{86}

One note of caution should be inserted here. Two types of creditors will be hurt by liberal exemptions from wage garnishment. The first type is the ghetto-oriented retailer who sells high-priced, low-quality goods and specializes in repossession and deficiency judgments. Lu-nen Furniture in Chicago is a single outlet store that files over 1,000 claims for bad debts every year. This type of business would definitely be hurt. Restraints on such businesses would only encourage the poor to buy from stores which sell better products and use less repressive credit practices. Rather than being a drawback this seems to be socially beneficial. The second type is the unsecured creditor such as a hospital. This type of creditor has the most valid argument for retention of garnishment. Hospitals should be protected by some form of public health

\textsuperscript{84} Brunn, \textit{supra} note 10, at 1242.
\textsuperscript{85} HOLMAN, \textit{CONSUMER CREDIT IN TEXAS} 191-265 (1970).
\textsuperscript{86} 7\textit{ STANDARD PA. PRAC., Creditors' Remedies} § 1 \textit{et seq.} (1971).
insurance. While hospitals may justifiably benefit through the application of garnishment laws, to apply them generally is not tailoring the remedy to fit the need. A bad method of debt collection should not be maintained because of deficiencies in other areas of the social order.

CONCLUSION

The question, whether to retain wage garnishment or to abolish it, can be answered by balancing conflicting interests. On the one side, garnishment as a method of debt collection has tremendous consequential social costs: bankruptcies, job upheavals, economic costs, and an immeasurable amount of human distress. On the other side, while garnishment is somewhat effective, it is not the only effective method of debt collection. Yet these other methods do not involve the tremendous social costs which garnishment entails. Further, garnishment is not vital in providing consumer credit to the poor or to lower consumer prices. Therefore, it is submitted that garnishment is not vital to our economy and the country would be better off without it. Congress should exercise the power it possesses under Article I, Section 8 of the Constitution in the bankruptcy and commerce clauses and abolish wage garnishment.

MICHAEL ADRIAN HARRING

APPENDIX A

WAGE GARNISHMENT EXEMPTION BY STATE

FEDERAL

75 percent or 30 times the federal minimum hourly wage. Discharge for garnishment for any one indebtedness prohibited, violators subject to fine of $1,000, or imprisonment not over one year or both. State laws providing less stringent limitations than Title III are superseded by federal law.

ALABAMA

Federal (old law 75 percent), 80 percent or 50 times federal minimum wage for consumer loans (October 1, 1971).

87. Laws superseded by Title III on July 1, 1970 are noted so that the reader may make his own comparisons with Appendix B on bankruptcies. Reference to time periods indicates the period in which a wage garnishment in the state is effective. Typical periods of 30 days are omitted. Some states specify no period.


ALASKA
$350 (30 day period), $200 if single.90

ARIZONA
Federal (old law 50 percent over 30 days).91

ARKANSAS
100 percent if wages for 60 days plus personal property (not wearing apparel) are less than $500 (if married), $200 if single.92

CALIFORNIA
Federal (old law 50 percent over 30 days, 100 percent where earnings are needed for support of family only on special application).93

COLORADO
Federal (formerly 70 percent if married, 35 percent if single or 75 percent or 40 times federal minimum wage on consumer debts).94

CONNECTICUT
75 percent, $65 or 40 times federal minimum wage.95

DELAWARE
Federal, 90 percent in New Castle County (60 percent in Kent and Sussex Counties).96

DISTRICT OF COLUMBIA
Federal, 90 percent of first $200 per month, 80 percent to $500.97

FLORIDA
100 percent.98

GEORGIA
Federal.99

90. ALAS. STAT. § 09.35.080 (1967).
92. ARK. CONST. art. 9, §§ 1-2; ARK. STAT. § 30.207 (1971).
93. CAL. CODE CIVIL PROC. §§ 682.3, 690.6 (West 1973).
95. CONN. GEN STAT. REV. § 52-361(b) (1973).
98. FLA. STAT. § 222.11 (1967).
Wage Garnishment

**HAWAII**

95 percent of first $100, 90 percent of next $100 and 80 percent of the excess of gross wages over $200 per month or equivalent per week.  

**IDAHO**

Federal (old law 50 percent, 75 percent where not for necessities, maximum of $100). Idaho adopted the federal standards in its state law to be effective on the same date, July 1, 1970.  

**ILLINOIS**

85 percent or $65 per week, maximum of $200 per week.  

**INDIANA**

Federal (formerly $15 per week plus 90 percent of excess).  

**IOWA**

Federal, $250 maximum per year per creditor except for child support. (formerly $35 per week plus $3 per dependent).  

**KANSAS**

Federal.  

**KENTUCKY**

Federal (old law 90 percent of first $75, maximum of $67.50).  

**LOUISIANA**

75 percent not less than $70.  

**MAINE**

Federal (old law $30 one month minimum $10).  

**MARYLAND**

75 percent or amount equal to $120 times the number of weeks in which

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104. Iowa Code § 627.10 (1958); 642.21 (1973).
such wages due were earned. In four counties the federal exemptions are used.\textsuperscript{109}

\textbf{MASSACHUSETTS}

$125 per week.\textsuperscript{110}

\textbf{MICHIGAN}

Federal (former law too complex to set forth here).\textsuperscript{111}

\textbf{MINNESOTA}

75 percent plus 8 times the federal minimum wage times the number of paid workdays and holidays.\textsuperscript{112}

\textbf{MISSISSIPPI}

Federal.\textsuperscript{113}

\textbf{MISSOURI}

Federal or 90 percent of workweek earnings for resident head-of-family.\textsuperscript{114}

\textbf{MONTANA}

Federal (old rule 50 percent [45 days] 100 percent where debt not for necessaries and needed for use by family).\textsuperscript{115}

\textbf{NEBRASKA}

Federal, 85 percent if wage earner is the head-of-family.\textsuperscript{116}

\textbf{NEVADA}

Federal.\textsuperscript{117}

\textbf{NEW HAMPSHIRE}

50 times federal minimum wage.\textsuperscript{118}

\begin{flushleft}
\textsuperscript{109} Md. Code Ann. art. 9 \S\ S 31 (1972).
\textsuperscript{110} Mass. Gen. Laws ch. 246 \S\ 28 (1973).
\textsuperscript{113} Miss. Code Ann. \S\ 307 (1942); Miss. Code Ann. \S\ 85-3-1 (1972).
\textsuperscript{114} Mo. Rev. Stat. \S\ 525.030 (1973).
\textsuperscript{115} Mont. Rev. Codes Ann. \S\ 93-5846 (1947).
\end{flushleft}
Wage Garnishment

NEW JERSEY
$48 per week, 90 percent if earnings are less than $7500 per year; reduced exemption by order of court if earnings more than $7500.\textsuperscript{119}

NEW MEXICO
75 percent or 40 times federal minimum wage.\textsuperscript{120}

NEW YORK
90 percent minimum $85 per week.\textsuperscript{121}

NORTH CAROLINA
100 percent (60 days) if necessary for support of family.\textsuperscript{122}

NORTH DAKOTA
75 percent or 40 times federal minimum wage.\textsuperscript{123}

OHIO
Federal.\textsuperscript{124}

OKLAHOMA
75 percent (90 days); 100 percent where needed to support family.\textsuperscript{125}

OREGON
Federal.\textsuperscript{126}

PENNSYLVANIA
100 percent.\textsuperscript{127}

RHODE ISLAND
Federal, 100 percent for one year following discontinuance of welfare benefits.\textsuperscript{128}

\textsuperscript{120} N.M. STAT. ANN. § 36-14-7 (1953).
\textsuperscript{121} N.Y. C.P.L.R. § 5231(b) (McKinney 1973).
\textsuperscript{122} N.C. GEN. STAT. § 1-362 (1969).
\textsuperscript{123} N.D. CENT. CODE ANN. § 32-09-02 (1973).
\textsuperscript{124} The Ohio garnishment exemption calculation method has been held to be preempted by the restriction provisions of the Federal Consumer Credit Protection Act. OHIO REV. CODE ANN. § 2329.62(c), 2329.66(f) (1972).
\textsuperscript{125} OKLA. STAT. ANN. tit. 31 § 1.4 (1961).
\textsuperscript{126} ORE. REV. STAT. § 23.185, 175 (1971).
\textsuperscript{127} PA. STAT. ANN. tit. 42 § 886 (1966).
\textsuperscript{128} R.I. GEN. LAWS ANN. § 9-26-4 (1956).
SOUTH CAROLINA
100 percent (60 days) if necessary for support of family.129

SOUTH DAKOTA
100 percent (60 days) if necessary for support of family.130

TENNESSEE
Federal (old law 50 percent or $20 per week subject to $50 maximum plus $2.50 for each dependent child under 16; if non-head-of-family 40 percent or $17.50 per week subject to $40 maximum).131

TEXAS
100 percent.132

UTAH
Federal (formerly 50 percent [30 days] $50 minimum for head-of-family). Consumer Loans; 75 percent or 40 times the federal minimum wage.133

VERMONT
Federal (old law $30 per week plus 50 percent of excess).134

VIRGINIA
Federal.135

WASHINGTON
75 percent or 40 times state minimum hourly wage.136

WEST VIRGINIA
80 percent, $20 per week minimum.137

WISCONSIN
Federal.138

WYOMING
Federal (old law 50 percent of earnings for 60 days).139

132. Tex. Const. art. 16 § 28 (1876).
## APPENDIX B

BANKRUPTCY RATE PER 10,000 POPULATION

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALABAMA</td>
<td>18.9</td>
<td>23.7</td>
<td>22.9</td>
<td>22.4</td>
<td>26.8</td>
<td>29.9</td>
<td>29.2</td>
<td>29.3</td>
<td>28.7</td>
<td>28.7</td>
<td>27.9</td>
<td>27.2</td>
<td>28.1</td>
<td>24.2</td>
</tr>
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<td>ALASKA*</td>
<td>1.1</td>
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<td>1.8</td>
<td>1.9</td>
<td>2.8</td>
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<td>5.0</td>
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<td>6.0</td>
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<td>13.6</td>
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<td>2.2</td>
<td>2.4</td>
<td>2.3</td>
<td>2.2</td>
<td>1.9</td>
<td>2.6</td>
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<td>3.7</td>
<td>3.8</td>
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<td>18.3</td>
<td>19.8</td>
<td>19.2</td>
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<td>17.4</td>
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<tr>
<td>COLORADO*</td>
<td>9.6</td>
<td>10.0</td>
<td>15.5</td>
<td>15.3</td>
<td>14.0</td>
<td>16.6</td>
<td>19.9</td>
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<td>19.9</td>
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<td>CONNECTICUT</td>
<td>7.9</td>
<td>4.0</td>
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<td>5.2</td>
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<td>4.7</td>
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<tr>
<td>DELAWARE*</td>
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<td>1.4</td>
<td>2.0</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>DIST. OF COL.</td>
<td>1.5</td>
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<td>1.4</td>
<td>1.2</td>
<td>1.3</td>
<td>1.5</td>
<td>1.2</td>
<td>1.0</td>
<td>1.2</td>
<td>1.8</td>
<td>1.1</td>
<td>2.3</td>
<td>1.8</td>
<td>1.8</td>
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<tr>
<td>FLORIDA</td>
<td>.9</td>
<td>.8</td>
<td>.9</td>
<td>1.3</td>
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* Asterisk denotes those states in which the CCPA raised the exemption.

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140. Because the 1972 population statistics were not available the 1971 statistics were used. In most cases, therefore, the rate per 10,000 people is higher than it would be.
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141. The state of Ohio should be excluded from any analysis of the CCPA's impact since there was a protracted court dispute affecting the issuance of garnishments in that state during 1971.
### APPENDIX C

#### SURVEY OF GARNISHMENTS

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<td>25</td>
<td>1,892.05</td>
<td>7</td>
<td>1 (9%)</td>
</tr>
<tr>
<td>NEGLIGENCE</td>
<td>11 (83.3%)</td>
<td>8,073.71</td>
<td>8</td>
<td>8</td>
<td>783.63</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>FRAUD</td>
<td>1</td>
<td>1,430.00</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>APPLIANCES</td>
<td>1</td>
<td>460.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ASSIGNED</td>
<td>9 (3.3%)</td>
<td>3,683.40</td>
<td>5</td>
<td>16</td>
<td>1,370.95</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>UTILITIES</td>
<td>7 (71.4%)</td>
<td>2,829.41</td>
<td>3</td>
<td>6</td>
<td>572.06</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>INSURANCE</td>
<td>8 (1.4%)</td>
<td>1,164.74</td>
<td>1</td>
<td>3</td>
<td>477.49</td>
<td>2</td>
<td>1 (33.3%)</td>
</tr>
<tr>
<td>CONSTRUCTION, REAL ESTATE LOANS (FINANCE COMPANY)</td>
<td>5 (2.3%)</td>
<td>3,167.38</td>
<td>3</td>
<td>10</td>
<td>487.26</td>
<td>2</td>
<td>2 (40%)</td>
</tr>
<tr>
<td>BANK LOANS</td>
<td></td>
<td>5,485.82</td>
<td>1</td>
<td>2</td>
<td>86.85</td>
<td>1</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>HOME</td>
<td></td>
<td>34,446.50</td>
<td>40</td>
<td>101</td>
<td>8,144.44</td>
<td>33</td>
<td>66%</td>
</tr>
<tr>
<td>FURNISHINGS</td>
<td></td>
<td>8,778.42</td>
<td>18</td>
<td>33</td>
<td>2,558.64</td>
<td>11</td>
<td>61.1%</td>
</tr>
<tr>
<td>TELEPHONE</td>
<td></td>
<td>7,728.42</td>
<td>17</td>
<td>32</td>
<td>2,558.64</td>
<td>10</td>
<td>58.8%</td>
</tr>
<tr>
<td>GEN. MERCHANDISE</td>
<td></td>
<td>9,314.92</td>
<td>53</td>
<td>67</td>
<td>5,810.60</td>
<td>39</td>
<td>67.2%</td>
</tr>
<tr>
<td>AVERAGE 144</td>
<td></td>
<td>2,023.96</td>
<td>6</td>
<td>10</td>
<td>817.46</td>
<td>6</td>
<td>66.7%</td>
</tr>
</tbody>
</table>

142. Includes 31 West Publishing Company cases against lawyers who were also delinquent debtors.
143. Collection agencies coupled with finance companies provided 94.8 percent of the garnishments. Eighty-six cases were brought by finance companies.
144. In a random survey of 20 of the garnishments surveyed in this sample it was discovered that the average court costs were $40.48 per case.