

# **Oregon Department of Justice**

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## **Division of Child Support**

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TESTIMONY ON HB 3347 For the House Judiciary Committee February 20, 2025

Presented by:

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This testimony is presented in support of HB 3347.

## **How This Bill Changes Current Law**

House Bill 3347—the First to Families bill—is a crucial step toward ensuring children receive *all* the support their parents pay on their behalf. The legislation would require the Oregon Child Support Program to disburse directly to the family all child and spousal support collected for a family receiving Temporary Assistance for Needy Families (TANF) cash assistance from the Oregon Department of Human Services (ODHS). In addition, it would require ODHS to disregard (i.e., not count) the support payments as income when determining a family's eligibility to receive TANF.

Fifty years ago, the federal Title IV-D Child Support Program—administered by the states—was created as a "welfare recovery" program. If a single parent with children qualified for cash assistance, that parent had to assign their right to child support to the state. The state child support program would then pursue child support from the other parent to recoup the cost of the public assistance.

Years of experience and research have shown that this model was not effective for either cost recovery or family self-sufficiency. In 2008, like many other states, Oregon began "passing through" any child support collected up to \$50 per child, capping at \$200 per family. Since then, child support programs have continued to move away from cost recovery. Nationally, only 3% of child support collections go to reimburse public assistance. In Oregon, that number is 6%.

Today in Oregon, families who have never received TANF cash assistance are paid *all* the support collected on their behalf. That is not true, however, for low-income families who rely on public assistance. To qualify for TANF cash assistance in Oregon, a family must still forfeit to

the government the majority of the support that is due to them. It is time to end this outdated and counter-productive practice of cost recovery from families who can least afford it.

The Oregon Child Support Program worked collaboratively with the TANF program at ODHS to craft this legislation carefully to avoid any unintended consequences and to enhance the benefit for our shared families as they move toward self-sufficiency.

The First to Families bill builds on a national trend away from cost recovery and toward family-centered support. As more states adopt similar practices and as evidence builds regarding the negative effects of prioritizing cost recovery over parents directly supporting their children, and as cost-of-living pressures on low-income families are increasingly acute, now is the right time to meaningfully change the way Oregon approaches the distribution of child support.

# **Key Benefits of This Legislation**

- ➤ More low-income families will receive more child support—every extra dollar makes a difference.
- ➤ Parents who pay child support will know that the support is going directly to their children, not the government—just like families who have never been on cash assistance.
- ➤ Marginal increases in household income have been shown to improve children's test results in school, reduce interactions with the child welfare system, and improve relationships between separated parents.¹
- ➤ Promoting family stability and self-sufficiency is part of a larger strategy to modernize the Oregon Child Support Program and implement our mission of *supporting parents to support children*.
- ➤ Oregon isn't going alone. Similar legislation has been adopted in other states, and they have found success. Colorado (2017), Michigan (2023), and Illinois (2024) have all implemented similar efforts. Washington (2024) and California (2023) have also passed legislation and are implementing similar changes.

### **Key Points of This Legislation**

- Amends ORS 25.020 to require the Oregon Child Support Program to pay all support collected for families receiving TANF directly to the family.
- ➤ Amends ORS 412.007 to require the Oregon Department of Human Services to disregard child and spousal support paid to a family when determining a family's eligibility to receive TANF.

### **Recommended Action**

We need your support to help the Oregon Child Support Program better serve Oregon's most vulnerable families. We urge a do-pass recommendation for the First to Families bill, HB 3347.

<sup>&</sup>lt;sup>1</sup> Center on Budget & Policy Priorities, "<u>Directing Child Support Payments to Families, Not Government, Would Help Families Afford Basic Needs and Thrive,</u>" October 8, 2024.