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TESTIMONY ON SENATE BILL 517A For the House Committee on Judiciary May 23, 2017

Submitted by:

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This testimony is submitted in support of Senate Bill 517A.

How This Bill Changes Current Law

Senate Bill 517A amends ORS 25.020 to allow the Department of Justice (DOJ) by rule to limit the amount of any credit provided for direct payment by the parent paying support (obligor) to the parent receiving support (obligee) to the existing balance owed to the obligee when the obligor was required to make payments to DOJ. Amendments clarify that direct payments will no longer be credited against arrears owed to the state.

The DOJ Division of Child Support anticipates reduced workload by avoiding manual processing of cases with credit balances. Avoidance of credit balances also will protect the state from abrogation of its assignment, increasing state recoveries, and reducing reliance on the General Fund. The Oregon Child Support Program might also see improved performance on its collection of current support, increasing its incentive funding from the federal government.

Key Points of Legislation

- Allows the Department of Justice to limit the amount of credit for payments not made to DOJ according to rules to be adopted by DOJ.
- Removes existing statutory language providing for application of direct payments to arrears owed to the state.

- Supports automated functionality planned for the Oregon Child Support Program's automated case management system in development.

Fiscal Impact

None.

Fiscal Benefits

Benefits include: reduction in workload in the DOJ Division of Child Support by avoiding manual processing of cases with credit balances; protection of the state from abrogation of its assignment; increased state recoveries, and; reduced reliance on the General Fund. Improved performance on the collection of current support may increase incentive funding from the federal government.

Recommended Action

The Oregon Department of Justice recommends committee approval of Senate Bill 517A because it will prevent assigned arrears from being satisfied by money that was not paid through or to the state, as well as avoid the creation of credit balances based on payments not made to the Department of Justice.