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TESTIMONY ON SENATE BILL 517 For the Senate Judiciary Committee February 22, 2017

Submitted by:

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This testimony is submitted in support of Senate Bill 517, with the -1 amendments.

How This Bill Changes Current Law

Senate Bill 517 amends ORS 25.020 to allow the Oregon Child Support Program by rule to limit the amount of any credit provided for obligor's direct payment to obligee to the existing balance owed to the obligee when the obligor was required to make payments to the Department of Justice. The -1 amendments clarify that direct payments will no longer be credited against arrears owed to the state.

The Oregon Child Support Program 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 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 Oregon Child Support Program to limit the amount of credit for payments not made to the Oregon Department of Justice according to rules to be adopted by the department.
- 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

No fiscal impact.

Fiscal Benefits

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, increasing state recoveries, and reducing reliance on the General Fund. Improved performance on its collection of current support increasing its incentive funding from the federal government.

Recommended Action

The Oregon Department of Justice recommends adoption of the -1 amendments and committee approval of Senate Bill 517 as amended 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.