

FACT SHEET

SB09-053

Senator Tochtrop/Representative Schafer
House Health and Human Services Committee
March 9, 2009

Title: Concerning Support Arrearages that Accrue Prior to An Applicant's Eligibility For Public Assistance

What this legislation is about: Complying With A Federal Mandate for the Child Support Enforcement Program

Purpose: This proposal will allow custodial parents that apply for Temporary Assistance to Needy Families (TANF) to retain any unpaid child support that accrued prior to the date they received public assistance rather than assigning their rights to that money to the State. The change was mandated by the Deficit Reduction Act (DRA) of 2005.

This legislation:

- Changes current statute (C.R.S. 26-2-111) to reflect that arrears accrued to the custodial parent prior to receiving TANF shall remain owed to the custodial parent, instead of being reassigned to the State
- Promotes self-sufficiency by allowing custodial parents to preserve the unpaid support due to them, since the custodial parent had to incur the full burden of support during the period it went unpaid
- Must be in effect by October 1, 2009 in order to comply with the DRA

Background:

Current Colorado law states when a person applies for TANF, he or she assigns to the State all rights that applicant has to any unpaid child support prior to the date the applicant receives public assistance. Effective October 1, 2009, as a result of the DRA, the state is no longer entitled to that assignment, and therefore the current statute must be amended.

The benefit to families collectively from this change is that they will receive an estimated \$276,708 in FY 2009-10, by receiving funds that the State and Federal governments currently retain. Because the current law assigns this money to the State, which is then passed through to the counties to help fund their child support programs, the counties will be affected by this loss of revenue, even though there is no fiscal impact to the state. The Department of Human Services submitted a decision item to replace the revenue lost to the counties. But the JBC did not consider funding it in this weak economic climate.

If Colorado does not comply with the Federal law, it risks losing the TANF block grant (\$136 million), and incurring other fiscal penalties.