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## Treatment of Child Support for Purposes of the Colorado Works Program SB15-012

Rich Jones, Director of Policy and Research  
Testimony to the House Public Health Care and Human Services Committee

April 24, 2015

Thank you for the opportunity to present this testimony to the committee today.

I am Rich Jones, the director of policy and research with the Bell Policy Center. The Bell is a non-partisan, non-profit research and advocacy organization founded on progressive values and dedicated to making Colorado a state of opportunity for all.

**The Bell Policy Center supports SB15-012 to direct the state Department of Human Services to pass through to families receiving Temporary Assistance for Needy Families (TANF) all of the current child support payments paid to these families and not count this support in determining their basic cash assistance grant. This change will increase the amount of income these families receive which will help both the custodial parent and the children. These are very low-income families and research shows that families in other states that allow the pass through used the money to meet their basic needs – food, school supplies and clothing. This policy has also been found to increase the likelihood that non-custodial parents would pay child support as well as increase the amount of child support they paid. We acknowledge the potential loss of revenue to the counties that use it to cover their child support enforcement activities. This bill allows the General Assembly to appropriate funds to the Department to reimburse counties for fifty percent of child support collections. Counties are not required to pass through the child support payments if the state does appropriate funds to reimburse them for the amount passed through to families.**

Currently, a person who receives TANF must assign to the state Department of Human Services his or her right to receive child support payments. Roughly half of the child support paid to these families goes to the federal government and half goes to the state, which passes about 60 percent of their share on to the counties. The state and counties use these funds to support their child support enforcement efforts.

Federal law allows states to pass through child support payments to the families and not count them as income in calculating the TANF benefit. They also provide a financial incentive to the states to do this by waiving the first \$100 per month for one child or \$200 per month for two or more children from the amount the states need to pay to them. In recent years, states have experimented with the policy of passing through child support payments and currently, about half the states allow some portion of the child support payments to pass-through to the families.

Research has found that the pass through policies in the District of Columbia and Wisconsin increased the likelihood that non-custodial parents would pay child support. These policies were also found to increase the amount of child support these parents pay.

Wisconsin conducted a controlled experiment from 1997 through 2002 that compared the effect of passing all child support payments through to the families with a more limited pass-through of \$50 per month. By the third year of the experiment non-custodial parents with children in the group that received all of the child support payments were 8 percent more likely to pay child support than those with children in the group that received the \$50 pass through. Those parents whose children were new to TANF and received all of the child support were 37 percent more likely to pay child support in the third year than parents whose children were new to TANF but received the \$50 pass through.

The Wisconsin study also found that in the third year of the experiment non-custodial parents of children that received the full pass-through paid 19 percent more in child support than the parents of children that received the \$50 pass-through.

These differences were all found to be statistically significant in the third year of the experiment. In 2002, Wisconsin began to pass-through all child support payments and not count them in determining the amount of the basic grant.<sup>1</sup> It currently passes 75 percent of child support payments through to families.

In April 2006, the District of Columbia enacted a policy to pass through \$150 per month in child support payments and not count this income in determining the basic TANF grant amount. In the third year of the policy researchers found that non-custodial parents were 3 percentage points more likely to pay any child support and paid 10.8 percent more child support as a result of the pass-through policy. For those families who started receiving TANF after the policy was enacted, the non-custodial parents were 7 percentage points more likely to pay and they paid 19 percent more in child support.<sup>2</sup>

In addition, the researchers found that parents were more likely to pay child support if the amount of child support they were ordered to pay was less than the maximum pass-through amount (\$150 per month). This was consistent with the hypothesis that the noncustodial parents were more likely to pay child support if they knew all of their payments were going to the family.<sup>3</sup>

**Based on this research we believe that allowing all child support payments to be passed through to the families and excluding this income when calculating the amount of the basic TANF grant will result in these families receiving much needed additional income. It will also encourage more non-custodial parents to pay child support and increase the amount of child support these parents pay.**

We thank Representative Pettersen for her work on this bill through the Early Childhood and School Readiness Commission this interim and for bringing SB15-012 to you today.

I am happy to answer any questions.

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<sup>1</sup> Lippold, Kye, Austin Nichols and Elaine Sorensen, *Evaluation of the \$150 Child Support Pass-Through and Disregard Policy in the District of Columbia*, The Urban Institute, November 2010.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.