



## **Child Support Pass-Through Background**

- The Federal Deficit Reduction Act (DRA) of 2005 allows States to “pass-through” child support payments to families on TANF up to \$100 for one child and \$200 for two or more children; and mandates that the federal government will share in the cost of the Pass Through by not requiring states to reimburse the federal share of the TANF recovery (up to \$100/\$200 based on family size).
- The current Pass Through amount is \$50 comprised solely of State General Funds only appropriated to ISD.
- The 2007 New Mexico Legislature enacted House Bill 342, which allowed the state to implement the “Pass-Through” (contingent upon available state and federal funding).

## **SFY09 Cost Containment Efforts**

- In November 2008, 5% General Fund cuts were imposed on all agencies forcing CSED to delay the implementation of the Pass Through (as indicated in the HSD Cost Containment Plan submitted to DFA on 11/7/08 and discussed during the budget hearing before the LFC on 12/9/08).

## **More Money to Families**

- Implementing the Pass Through in February 2010 will result in an estimated amount of \$850,000 for more than 1,000 TANF families for the period February – June 2010.

## **Loss in Cost Recovery Funding for CSED**

- CSED will lose approximately \$250,000 in TANF cost recovery dollars for the period February – June 2010 if the Pass Through is implemented in February 2010. Cost recovery dollars can be matched with 66% federal funds for a total program loss to CSED of \$735,000 (\$250,000 GF and \$485,000 FF) for this time period.

## **Disregard funding moved to CSED**

- Effective July 2010, HSD proposes to transfer the TANF disregard funding from ISD to CSED to pay for the loss in TANF cost recovery dollars for SFY 2011 and future fiscal years.
- Transferring the funds to CSED would allow federal financial participation, thereby saving New Mexico State General Fund dollars.