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California Protects Child Support Deposited to Prepaid Cards

Payments Collected by the State Protected from Unauthorized Charges, Overdraft Fees

(BOSTON) Today, California Governor Jerry Brown signed a California law that prohibits overdraft fees and extends other protections to child support payments that are collected by the state and deposited into prepaid card accounts held by recipient parents. The law goes into effect on January 1, 2015. Assembly Bill 2252 was authored by California State Assembly Speaker Emeritus John A. Pérez. “We thank Speaker Emeritus Pérez and Governor Brown for ensuring that funds deposited by a state agency into an account for children with an absent parent are protected,” said Western Center on Law and Poverty Legislative Advocate Jessica Bartholow.

Under federal law, federal payments may not be directly deposited into prepaid card accounts that lack deposit insurance, fail to comply with protections for electronic payments, or have overdraft fees or credit features. These protections will now extend to child support payments collected and distributed by the State of California. “Overdraft fees have no place on prepaid cards and are especially harmful to single parents struggling to support their kids with limited child support payments,” said National Consumer Law Center Associate Director Lauren Saunders.

California enforces child support laws for California Work Opportunity and Responsibility to Kids (CalWORKs) recipient households and for the much larger population of children with absent parents who are not on CalWORKs. The state serves as an intermediary for payments in the program. The new protections apply when the state directly deposits child support payments to a prepaid card account, whether the card provided by the state (which already complies) or one obtained on the private market. AB 2252 will ensure that the funds on these cards are subject to federal protections to assist parents to keep their funds safe.

The text of the new law is available at:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2252

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Since 1969, the nonprofit **National Consumer Law Center**[®] (NCLC[®]) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

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The Western Center on Law & Poverty, California’s oldest and largest legal services support center, leads the fight in the courts, counties and capital to secure housing, health care and a strong safety net for low-income Californians. www.wclp.org