

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

LATE

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 26, 2009

MEMORANDUM

TO: The Honorable Brian Taniguchi, Chair
Senate Committee on Judiciary and Government Operations

FROM: Lillian B. Koller, Director

SUBJECT: S.B. 851, S.D. 1 - RELATING TO CHILD SUPPORT ENFORCEMENT

Hearing: Thursday, February 26, 2009, 9:00 a.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of S.B. 851 is to clarify that all income withholding payments be sent to the Child Support Enforcement Agency (CSEA) or to another state's child support enforcement agency acting under Title IV-D of the Social Security Act; to allow the agency to disburse funds to custodial parents by way of either electronic deposit or debit card; to clarify that other child support enforcement agencies acting under Title IV-D of the Social Security Act may enforce a child support lien; to require only the last four digits of the obligor's social security number be indicated on the notice of child support lien; to allow the electronic copy or facsimile of a signature in place of an actual signature on certified mailers be acceptable as sufficient proof of service; and to clarify that payment shall be made to the entity seeking to enforce the lien when it has complied with procedural rules of the State.

DEPARTMENT'S POSITION: The Department of Human Services supports this Administration-sponsored bill.

Under 42 U.S.C. §666(b)(5), income withholding for child support must be administered by the state disbursement unit established by the State's Child Support Enforcement Agency (CSEA).

Disbursing child support by way of direct deposit or debit card will reduce the cost of postage that the CSEA incurs when mailing out child support checks. It is estimated that there will be a cost savings just in postage to the CSEA of approximately \$130,000.00 annually. There will also be additionally savings in paper and envelope.

Currently, section 576D-10.5, Hawaii Revised Statutes, only provides for enforcement by the CSEA or the obligee. This measure will clarify that other child support enforcement agencies acting under Title IV-D of the Social Security Act will be able to enforce their child support liens on behalf of obligees or on behalf of their state when child support has been assigned to that state due to public assistance being provided. Under 42 U.S.C. §666(a) (4)(B), the State of Hawaii must have laws to accord full faith and credit to liens arising in another state when an entity seeking to enforce the lien complies with procedural rules in effect with this State.

This measure also seeks to protect against identity theft and make consistent with the changes enacted by the 2008 Legislative session in Act 86 by requiring that only the last four digits of the social security number be included on the notice of lien.

At the present time, the certified mail receipt with the recipient's original signature is provided by the U.S. Postal Service when certified mail is being used. The receipt with the original signature is filed with the Family Court as proof of service. The U.S. Postal Service has a program where it provides an electronic copy or facsimile of the recipient's signature rather than the original signature at less than half the cost of regular certified

mail. This measure will reduce the cost of postage that the CSEA incurs when utilizing certified mail. It is estimated that there will be a saving in postage costs to the agency of approximately \$24,912.00 annually.

In addition, section 576D-15(c), Hawaii Revised Statutes, currently requires that the financial institution surrender the funds to the CSEA in response to a notice of lien or levy. This measure will allow the funds to be paid to the entity seeking to enforce the lien in situations where the CSEA is not involved in the process.

Thank you for the opportunity to provide comments on this bill.