

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

March 11, 2018

TO: The Honorable Representative John Mizuno, Chair  
House Committee on Health and Human Services

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 3028 SD1 – RELATING TO CHILD SUPPORT**

Hearing: Tuesday, March 13, 2018, at 8:30 a.m.  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this bill as the concept would increase families' cash income. However, DHS requests clarification and provides the following comments as other states have implemented the program with mixed results.

- Clarification is needed as to whether the Child Support Enforcement Agency (CSEA) or DHS will pass the funds through to the recipient;
- Implementation of a pass through program will require amendments to existing administrative rules and modifications to the IT system to operationalize the process. DHS will need additional time to implement both of these items;
- While the bill contemplates that the passed through child support amount will be disregarded as income for financial assistance programs, there will not be the same disregard for Supplemental Nutritional Assistance Program (SNAP) benefits and SNAP benefits may decrease;
- If adopted, DHS does not know the long-term fiscal impact this measure may have to maintaining current financial assistance payment amounts should caseloads increase, or federal funding be reduced. Consequently, uninterrupted continuity in maintaining

financial assistance payment amounts during such times would either require suspending the pass through program due to a lack of funds, and/or requiring an additional appropriation of state general funds to supplement the pass through;

- DHS defers to CSEA on its fiscal and operational issues to implement the measure; and
- DHS respectfully requests that this Committee amend the measure by establishing an effective date that gives DHS and CSEA sufficient time to make necessary administrative and operational changes.

**PURPOSE:** The purpose of the bill is to require certain amounts of child support moneys collected by DHS for public assistance of a child to pass through to the family receiving the public assistance; and to require DHS to disregard passed through child support payments when determining the needs of an applicant for or recipient of public assistance. The Senate Committee on Ways & Means amended the measure by making an unspecified appropriation to the Department of the Attorney General for necessary expenses incurred by the Child Support Enforcement Agency in complying with the requirements of the measure; defecting the effective date; and making technical amendments.

As required by federal law, DHS receives reimbursement payments from CSEA from child support payments CSEA collects from absent or non-custodial parents of children receiving financial assistance from DHS. In State Fiscal Year (SFY) 2017, DHS received \$4,252,104 from CSEA; this amount may include payments from active, inactive, and retroactive cases. These payments are reimbursements for Temporary Assistance for Needy Families (TANF)/Temporary Assistance for Other Needy Families (TAONF) benefits received by families with children, with an absent or non-custodial parents.

Analysis is required to understand the impact on the financial programs as other States who have had a pass through program, have subsequently ended the practice due to fiscal shortfalls.

Regarding the "disregard," the definition of "Public assistance" in section 346-1, HRS, includes financial assistance and payments to or on behalf of such persons for medical care, and social service payments as described under the Social Security Act.

The disregard of the provided income will not be disregarded for the Supplemental Nutrition Assistance Program (SNAP) as SNAP is not a part of the Social Security Act. The additional funds to the family may impact the amount of SNAP benefits issued monthly. In addition, it is unclear if the intent of the disregard was solely for child support payments collected by the CSEA or child support payments made directly to the Department.

DHS respectfully requests that this committee amend the measure by establishing an effective date that gives DHS and CSEA sufficient time to make necessary administrative and operational changes.

Thank you for the opportunity to testify on this bill.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2018**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 3028, S.D. 1, RELATING TO CHILD SUPPORT.

**BEFORE THE:**

HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES

**DATE:** Tuesday, March 13, 2018

**TIME:** 8:30 a.m.

**LOCATION:** State Capitol, Room 329

**TESTIFIER(S):** Russell A. Suzuki, Acting Attorney General, or  
Lynette J. Lau, Administrator, Child Support Enforcement  
Agency

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Chair Mizuno and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to allow certain child support payments collected by the State to be passed through to the family receiving public assistance for the benefit of a child or children.

Under section 346-37.2, Hawaii Revised Statutes (HRS), the Child Support Enforcement Agency (CSEA) is tasked to collect the debt owed to the Department of Human Services (DHS), when Temporary Assistance for Needy Families (TANF) benefits are paid for the benefit of any dependent child. Because TANF is a federally funded program, federal law requires that the federal share of the collection be paid back to the federal government. Currently, the federal share of the collection in TANF cases is 54.78 percent, although the rate changes from year to year. This means that if CSEA collects \$100.00 in child support, \$54.78 is owed to the federal government and \$45.22 is paid to DHS. The federal share, in this example \$54.78, is maintained in a separate account and is available for use by CSEA as the federal matching funds when state funds are expended.

If this bill is passed, CSEA would have to pay the full amount of the pass through to DHS and not retain the federal share of the collection. CSEA would still have to retain the federal share and pay to DHS only the state share of any collection in excess

of the pass through amount. This would require a redesign of the agency's statewide computer system and would take time to implement. In addition, CSEA's reports to the federal government and to DHS will have to be amended to take into account the pass through payments. Although the actual costs that CSEA would incur to implement this legislative proposal cannot be specified at this time, we believe that a rough estimate would be about \$400,000 based on prior efforts to make changes to the agency's computer system. This cost has not been budgeted for.

In addition, the bill as it is currently written does not specify who will be paying out the amounts to the family and is not clear on whether the intent is to pay out amounts less than the \$100 or \$200 each month. If the intent is to pass through less than the specified amounts, we recommend that page 6, lines 11 through 15 be amended to read, "Each month the child support enforcement agency shall pass through to a family receiving public assistance moneys for the benefit of minor dependent children, up to the first \$100 in child support collected in that month for a recipient family with one child, and up to the first \$200 in child support collected in that month for a recipient family with more than one child."

The Department of the Attorney General respectfully requests that the Committee consider including the amount of the appropriation and the proposed amendment if this bill is passed.

HAWAII  
STATE  
COMMISSION  
ON THE  
STATUS  
OF  
WOMEN



Chair  
LESLIE WILKINS

COMMISSIONERS:

SHERRY CAMPAGNA  
CYD HOFFELD  
MARILYN LEE  
JUDY KERN  
AMY MONK  
LISA ELLEN SMITH

Executive Director  
Khara Jabola-Carolus

Email: [kjabola-carolus@dhs.hawaii.gov](mailto:kjabola-carolus@dhs.hawaii.gov)

235 S. Beretania #407  
Honolulu, HI 96813  
Phone: 808-586-5758  
FAX: 808-586-5756

March 12, 2018

To: Rep. John Mizuno, Chair  
Rep. Bert Kobayashi, Vice Chair  
Honorable Members of the H. Committee on Health & Human Services

From: Khara Jabola-Carolus  
Executive Director  
Hawai'i State Commission on the Status of Women

Re: Testimony in Support, SB3028

Thank you for this opportunity to testify in strong support of SB3028, which requires certain amounts of child support moneys collected by the Department of Human Services (DHS) pass through to the family receiving assistance.

Currently, Hawai'i's child support system requires a parent who owes child support to a family receiving TANF to pay that child support to the State of Hawai'i up to the amount of TANF benefits paid. The state then keeps a significant portion of that money to reimburse itself and the federal government for providing TANF assistance. This means that the custodial parent does not have access to their court-mandated child support payments. Given the high cost of basic needs in Hawai'i, these payments would significantly increase the economic security of local families, and could provide the financial footing to exit public assistance programs.

The Commission therefore supports SB3028 and urges the Committee to pass this important measure.

Sincerely,

Khara Jabola-Carolus



March 13, 2018

To: Representative John Mizuno, Chair  
Representative Bertrand Kobayashi, Vice Chair and  
Members of the Committee on Health and Human Services

From: Jeanne Ohta, Co-Chair

RE: SB 3028 SD1 Relating to Child Support  
Hearing: Tuesday, March 13, 2018, 8:30 a.m., Room 329

**POSITION: STRONG SUPPORT**

The Hawaii State Women's Democratic Caucus writes in strong support of SB SD1 3028 Relating to Child Support which requires child support to be passed through by the Department of Human Services to the family receiving the public assistance.

According to the U.S. Census Bureau, child support payments accounted for over 70.3 percent of annual income for custodial parents living below poverty who received full child support nationally in 2013. If all the custodial parents living in poverty in the nation received full amounts of child support in 2015, approximately 200,000 of them would have been raised out of poverty.

Under our state's current child support system, a parent who owes child support to a family receiving TANF must pay that child support to the State of Hawai'i (up to the amount of TANF benefits paid). The state then uses the money to reimburse itself and the federal government for providing TANF assistance.

In 2016, approximately 800 families would have benefitted from child support pass-through payments, providing them with just over \$1.5 million per year. Twenty-six states and the District of Columbia already have adopted child support pass-through laws or policies.

Hawai'i already has a bad track record on child support. Since 2003 Hawai'i has ranked last in collecting child support debts. Presently, families in Hawai'i and the state are owed more than \$484 million in child support arrears.

The Hawai'i State Democratic Women's Caucus is a catalyst for progressive, social, economic, and political change through action on critical issues facing Hawaii's women and girls.

We ask for the committee's support to pass this measure and we thank the committee for the opportunity to provide testimony.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice  
Supporting SB 3028 SD1 – Relating to Child Support  
House Committee on Health & Human Services  
Scheduled for hearing Tuesday, March 13, 2018, at 8:30 AM, in Conference Room 329

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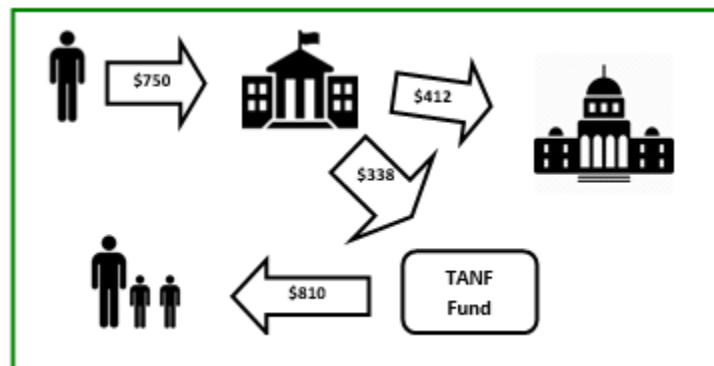
Dear Chair Mizuno, Vice Chair Kobayashi, and members of the Committee:

Thank you for the opportunity to testify in **STRONG SUPPORT** of **SB 3028 SD1**, which would require certain amounts of child support moneys to pass through to families receiving public assistance as well as require that passed-through child support payments be disregarded when determining the needs of an applicant for public assistance.

Child support payments can make a significant difference in the lives of families who are currently receiving or are at risk of needing public assistance. According to the U.S. Census Bureau, child support payments accounted for over 70.3 percent of annual income for custodial parents living below poverty who received full child support nationally in 2013. Moreover, if all the custodial parents living in poverty in the nation received full amounts of child support in 2015, approximately 200,000 of them would have been raised out of poverty.

However, custodial parents and children in Hawai‘i who receive TANF benefits from the state may never see a penny of the child support they are owed. This is because under our state’s current child support system, a parent who owes child support to a family receiving TANF must pay that child support to the State of Hawai‘i (up to the amount of TANF benefits paid). The state then keeps a portion of that money (45% in 2017) and passes on the rest to the federal government as reimbursement for providing TANF assistance.

For example, if a non-custodial parent owes \$750 per month to the custodial parent of their three children, and the custodial parent receives \$810 per month in TANF benefits, the all of the \$750 in child support would be paid to the state. The state would keep approximately \$338 and forward \$412 to the federal government.



This system essentially denies the custodial parent access to their court-mandated child support payments.

The federal Deficit Reduction Act of 2005 (DRA) encourages states to pass on certain portions – \$100 per month for families with one child and \$200 per month for those with two or more children – of state-collected child

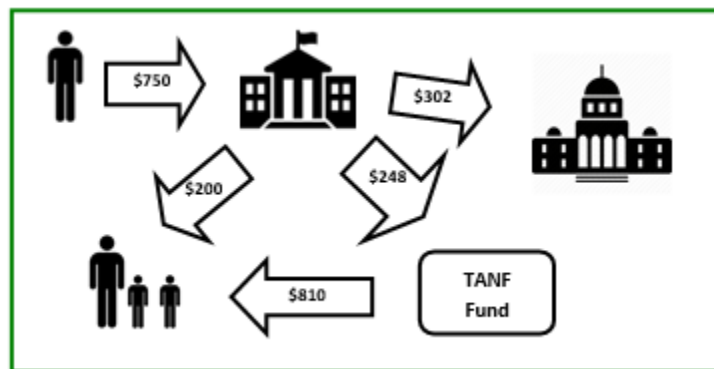


support by agreeing to waive the federal portion of those monies, provided the state disregards the additional income for determining TANF eligibility. This allows states to get additional money into the hands of struggling families at a fraction of the nominal cost.

This bill would enact the pass-through recommendations of the DRA. For struggling families, an additional \$200 a month can have dramatic impacts on their ability to provide necessities for their children, and can reduce the incidence and impact of childhood poverty. Modest increases in income for low-income families have been correlated with increased school attendance and achievement and long-term earning potential for children.

In our above example, were Hawai‘i to pass through \$200 of child support to the custodial family, it would only be losing \$90 in revenue. The remaining \$110 would have been paid forward to the federal government.

According to the latest data that we have, if this bill were law in 2016, approximately 800 families would have benefitted from child support pass-through payments, providing them with just over \$1.5 million per year, at a cost to Hawai‘i of only \$675,000.



In addition, the experience of the 26 states and the District of Columbia that have adopted child support pass-through laws or policies have shown benefits for state governments. Child support pass-throughs increase fathers' voluntary compliance with child support orders. If a father can see that his child support dollars are going directly to their children, he is more likely to work and to make timely payments.

Our state needs all the help we can get in that area. Since 2003 Hawai‘i has ranked last in collecting child support debts. Presently, families in Hawai‘i and the state are owed more than \$484 million in child support arrears.

In addition to increasing compliance, child support pass-throughs can help ease families off public benefits. By increasing the financial security of families as they begin to climb the income ladder, child support pass-throughs can make a return to the benefits system less likely, helping to ensure that families continue working after they earn their way out of benefits.

Mahalo for your consideration of this testimony.



TO: Chair Mizuno  
Vice Chair Kobayashi  
Members of Committee on Human Services

FR: Nanci Kreidman, M.A.

RE: Support SB 3028 SD1

DVAC works hard to assist survivors who are striving for self-sufficiency and endeavoring to achieve financial stability. More than 90% of the agency clients are mothers with the primary responsibility for raising their children. The single parenting is, often, under difficult circumstances and at the risk of harm. The children are victims in multiple ways.

Child support is difficult to obtain from the non-custodial parent. Assets are hidden, or not accounted for. Employment is changed or abandoned to avoid paying child support. This seems unbelievable, but occurs frequently for families who have suffered the harm of abuse. This is another tactic for abusers to use to torment their partner. Not supporting the children is a way of making the mom suffer.

26 states and DC have laws or policies to pass through child support without reducing the family's TANF assistance. States have the option of allowing child support payments to be passed through to the parent and child and disregarded as income when determining TANF eligibility. Hawaii can make that choice, too.

Please consider the needs of families who are trying to regain stability: emotional, physical and financial.

This measure will help with that objective.

March 13, 2018

To: Representative John M. Mizuno, Chair  
Representative Bertrand Kobayashi, Vice Chair  
House Committee on Health & Human Services

From: Mandy Finlay, Director of Public Policy  
Hawaii Children's Action Network

Re: **SB 3028, SD1 – Relating to Child Support**  
**Hawaii State Capitol, Room 329, March 13, 2018, 8:30 AM**

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**On behalf of Hawaii Children's Action Network (HCAN), we are writing in support of SB 3028, SD1, which would require child support to pass through to families receiving public assistance as well as require that passed-through child support payments be disregarded when determining the needs of an applicant for public assistance.**

According to the U.S. Census Bureau, child support payments accounted for over 70.3 percent of annual income for custodial parents living below poverty who received full child support nationally in 2013. Unfortunately, many of Hawaii's families may never see a penny of the child support payments owed to them. Under our state's current child support system, a parent who owes child support to a family receiving TANF must pay that child support to the State of Hawaii, up to the amount of TANF benefits paid. The state uses the money to reimburse itself and the federal government for providing TANF assistance.

This money could make a big difference to families who are struggling to put food on the table. Through similar laws and policies adopted in other states, we know that child support pass-through laws benefit state governments. This bill, if passed into law, would likely aid in the collection of child support, since when non-custodial parents can see that their child support dollars are going directly to their children, they are more likely to make timely payments.

**For these reasons, HCAN respectfully requests the Committee to support this measure.**

*HCAN is committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education.*

**SB-3028-SD-1**

Submitted on: 3/12/2018 8:16:06 AM

Testimony for HHS on 3/13/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**SB-3028-SD-1**

Submitted on: 3/10/2018 7:09:09 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Monk	Individual	Support	No

Comments:

Re SB3028

As legislators you grapple with problems of homelessness, affordable housing, food insecurity also referred to as hunger, all the while trying to educate our children for future success.

Appleseed makes a compelling argument for **SUPPORT** of SB3028. Passage of this law would result in a small but meaningful increase in support for some of Hawaii's children in poverty. In 2015, the National Center for Children in Poverty determined that 15 percent of Hawaii's children lived in poverty.

This will not assist all the children in poverty, but can we ignore this opportunity to leverage an available Federal waiver to assist 800 poor families in Hawaii?

SB 3028 would enact the pass-through recommendations of the Deficit Reduction Act 2005. For example, Hawai'i could pass through \$200 of child support to the custodial family, Hawai'i would only be losing \$90 in revenue, and the remaining \$110 would have been paid forward to the federal government.

**For struggling families, an additional \$200 a month can have dramatic impacts on their ability to provide necessities for their children and can reduce the incidence and impact of childhood poverty. Modest increases in income for low-income families have been correlated with increased school attendance and achievement and long-term earning potential for children.**

According to the latest data available to Appleseed, if this bill were law in 2016, approximately 800 families would have benefitted from child support pass-through payments, providing them with just over \$1.5 million per year."

**SB-3028-SD-1**

Submitted on: 3/12/2018 5:22:26 PM

Testimony for HHS on 3/13/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lea Minton	Individual	Support	No

Comments: