



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

ON THE FOLLOWING MEASURE:

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

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, February 21, 2018 **TIME:** 10:10 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY**

(For further information, please contact Lynette J. Lau,
Administrator, Child Support Enforcement Agency at 692-7163)

LATE

Chair Dela Cruz 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. The costs that CSEA would incur to implement this legislative proposal have not been budgeted for.

The Department of the Attorney General respectfully requests that the Committee consider adding an appropriation to cover the expenses that will be incurred by CSEA if this bill is passed.

LATE

SB-3028

Submitted on: 2/20/2018 11:23:43 AM
Testimony for WAM on 2/21/2018 10:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan J. Wurtzburg	Testifying for American Association of University Women, Hawaii	Support	No

Comments:

Please support

LATE

SB-3028

Submitted on: 2/20/2018 4:47:19 PM
Testimony for WAM on 2/21/2018 10:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Kimura	Testifying for Healthy Mothers Healthy Babies	Support	No

Comments:

Thank you for the opportunity to testify in SUPPORT of **SB 3028**, 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) to reimburse itself and the federal government 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.

SB 3028 would enact the pass-through recommendations of the DRA. 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.

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.

Our state needs all the help we can get. 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.

Finally, we recognize that this bill would likely result in extra costs for the state's Child Support Enforcement Agency (CSEA). We request that you consider amending SB 3028 to appropriate adequate funds for the costs incurred by the CSEA to carry out the purposes of this bill.

Mahalo for your consideration of this testimony.

LATE

SB-3028

Submitted on: 2/20/2018 5:21:46 PM

Testimony for WAM on 2/21/2018 10:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
michele matsuo	Testifying for Democratic Party Education Caucus	Support	No

Comments:

Good Morning Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee

Thank you for this opportunity to submit written testimony!

The Democratic Party Education Caucus strongly supports SB 3028.

I only wish that there could be more pass through to the families to support the children.

Thank you for your kind consideration of this bill.

Aloha

Michele Matsuo

Chair, Democratic Party of Hawai'i Education Caucus



Hawaii Women's Coalition

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

LATE

DATE: Wednesday, February 21, 2018

TIME: 10:10 A.M.

PLACE: Conference Room 211

STRONG SUPPORT FOR SB3028 that would require certain amounts of child support moneys collected by the Department of Human Services (DHS) for public assistance of a child to pass through to the family receiving the public assistance.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members,

Child support payments make a significant difference in lives of families living at or below the poverty line. According to the U.S. Census Bureau, child support payments accounted for over **70.3 percent** of annual income for parents living below poverty who received full child support nationally in 2013. Moreover, if all the 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, parents and children in Hawaii 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 Hawaii (up to the amount of TANF benefits paid). The state then keeps a portion of that money (45% in 2017) to reimburse itself and the federal government for providing TANF assistance. .

This system essentially denies the custodial parent access to their court-mandated child support payments. Sounds bizarre, illogical and counter productive.

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.

SB 3028 would enact the pass-through recommendations of the DRA. We think this makes moral and economic sense for our Ohana. Please pass this bill.

Mahalo for the opportunity to testify,

Ann S. Freed Co-Chair, Hawai'i Women's Coalition
Contact: annsfreed@gmail.com Phone: 808-623-5676

LATE

SB-3028

Submitted on: 2/21/2018 9:58:26 AM
Testimony for WAM on 2/21/2018 10:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAI'I
TO THE COMMITTEE ON WAYS AND MEANS
THE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Wednesday, February 21, 2018
10:10 a.m.**

Hawaii State Capitol, Conference Room 211

RE: Testimony in Support of SB 3028 CHILD SUPPORT

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. 3028 relating to Child Support.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. 3028 and supports its passage.

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) to reimburse itself and the federal government 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.

SB 3028 would enact the pass-through recommendations of the DRA. 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.

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 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.

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.

Finally, we recognize that this bill would likely result in extra costs for the state's Child Support Enforcement Agency (CSEA). We request that you consider amending SB 3028 to appropriate adequate funds for the costs incurred by the CSEA to carry out the purposes of this bill.

Given that Senate Bill No. 3028 requires certain amounts of child support moneys collected by the Department of Human Services (DHS) for public assistance of a child to pass through to the family receiving the public assistance; and requires DHS to disregard passed through child support payments when determining the needs of an applicant for or recipient of public assistance, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889

LATE

SB-3028

Submitted on: 2/20/2018 1:46:52 PM

Testimony for WAM on 2/21/2018 10:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Ching	Individual	Support	No

Comments:

Chair DelaCruz, Vice Chair Keith-Agaran and members of the committee:

I support **SB 3028**, 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. 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.

Thank you for the opportunity to testify.

Randy Ching / Honolulu

LATE

SB-3028

Submitted on: 2/20/2018 2:06:54 PM

Testimony for WAM on 2/21/2018 10:10:00 AM

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

Comments:

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 mean 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 use an available Federal waiver to leverage our assistance to 800 poor families?

I highlight the paragraph from Appleseed testimony that convinced me of the value of this bill:

"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.

SB 3028 would enact the pass-through recommendations of the DRA. 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.

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 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.”