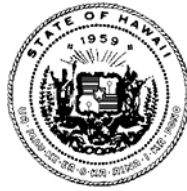


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'ŌKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'ŌKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWE LAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 8, 2023

TO: The Honorable Representative David A. Tarnas, Chair
House Committee on Judiciary and Hawaiian Affairs

FROM: Cathy Betts, Director

SUBJECT: **HB445 HD1 – RELATING TO CHILD SUPPORT.**

Hearing: Wednesday, February 8, 2023, 2:00 p.m.
Conference Room 325 and Videoconferencing, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this measure and provides the following comments.

PURPOSE: The purpose of the bill is for the Department of the Attorney General and the Department of Human Services (DHS) to convene a working group to examine the impacts, costs, and impediments of allowing child support payments to pass through to recipients of Temporary Assistance for Needy Families program funds and to submit a joint report to the 2025 Legislature. Effective 6/30/3000. (HD1). The HD1 amended this measure by:

1. Requiring the joint report to be submitted to the Legislature before the convening of the Regular Session of 2025, rather than the Regular Session of 2024;
2. Changing the effective date to June 30, 3000, to encourage further discussion; and
3. Making technical, non-substantive amendments for the purposes of clarity, consistency, and style.

Per sections 408 [42 U.S.C. 608] and 457 [42 U.S.C. 657] of the Social Security Act, child support payments are collected by the Child Support Enforcement Agency (CSEA) from absent

parents or non-custodial parents of children receiving financial assistance benefits through the Temporary Assistance for Needy Families (TANF) or Temporary Assistance for Other Needy Families (TAONF) program. The collection of child support payments is limited to the amounts of TANF/TAONF benefits paid to the family as assistance; any remaining child support, after the federal and state reimbursements, is paid to the family. In State Fiscal Year 2022, DHS received \$3,631,584 from CSEA; this amount may include payments from active, inactive, and retroactive TANF/TAONF cases.

DHS supports the amendments to the measure because it will provide DHS and CSEA time to conduct an analysis of federal and state policies, fiscal impact, and system requirements to implement child support pass through payments.

The study will need to evaluate the following:

- State statutes and administrative rules to ensure the policies align with federal regulations. The implementation of a pass-through program will require amendments to existing administrative rules;
- How will child support pass-through payments impact a family's eligibility for benefits from other means-tested programs such as child care subsidies and Supplemental Nutrition Assistance Program (SNAP)? For example, child support payment is considered unearned income for SNAP; therefore, it counts dollar for dollar when a family's countable monthly income is calculated and then used to determine their eligibility and monthly SNAP benefits. The additional income will not be disregarded for SNAP because child support payments are not a part of the Social Security Act; therefore, it will reduce the monthly SNAP benefits a family receives.
- Other options may have a greater impact on financially supporting families without adversely impacting other support benefits. The pass-through payment program does not assure that a family will receive payments when the non-custodial parent does not pay their child support obligation.
- Additional inquiry is needed into lessons learned from other states implementing a pass-through program and how they managed the program during economic downturns.

- DHS and CSEA IT systems must be analyzed to determine the modifications and technology needed to operationalize the payment process. These may include IT platforms, system re-design, and re-development of the interface and data exchange between the DHS and CSEA systems. In addition, a cost analysis will be required.

Thank you for the opportunity to testify and provide comments on this measure.



To: Chair David Tarnas, Vice Chair Takayama, and Committee Members
From: Charlene Iboshi
Zonta Club of Hilo, Legislative Advocacy Committee

February 6, 2023

RE: Zonta Club of Hilo SUPPORTS HB 445, HD1 Relating to Child Support

Representative David Tarnas, Chair, and Judiciary and Hawai`ian Affairs Committee Members,

Thank you for the opportunity to testify in **SUPPORT** for HB 445, which is necessary to implement **HB 1181**, which would require certain amounts of child support moneys collected by the Department of Human Services for public assistance of a child to pass through to the family receiving TANF public assistance.

We support the implementation of the TANF Child Support pass-through, as recommended in 2020 under HB 2061, then again in 2021 under HB 734. The intent to support children and families is unquestioned, but the technical barriers and avoidance of unintended consequences of disqualification from SNAP benefits need a thorough examination. The technical computer upgrades appear to be funded based upon the testimony submitted by Child Support Enforcement Agency.

We recommend that the intention to support the TANF Child Support Pass-through be clearly stated, that the "study group" be renamed as an "implementation group," the issue of unintended, eligibility disqualification of TANF Families from SNAP be reported before the 2024 Legislature Session. Thirty-three other states have TANF Child Support Pass-Through laws, and this issue of SNAP Eligibility Disqualification should be researched and addressed in those states and reported out first.

Our testimony under HB 1181 heard and deferred on February 2, 2023, is adopted for the substantive reasons for child support pass through for our Hawai`i TANF Children.

We believe that this pass through is a straightforward method to provide greater assistance to our most vulnerable families at a reduced cost to the state. 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. An extra \$100 or \$200 per month may mean the difference between a family making a rent payment or becoming homeless, putting gas in the car, or having their child miss school, buying groceries or having the family go hungry.

Thank you for this opportunity to testify in support of HB 445, with recommendations.



Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committee on Human Services
Re: **HB 445, HD1 - Relating to Child Support**
Hawai'i State Capitol and via Videoconference
February 8, 2023, 2:00 PM

Dear Chair Tarnas, Vice Chair Takayama, and committee members,

On behalf of Hawai'i Children's Action Network Speaks!, we are submitting COMMENTS on HB 445, HD1, which requires the convening a study group to examine the impacts, costs, and impediments of allowing child support payments to pass through to recipients of Temporary Assistance for Needy Families (TANF) program funds.

Under Hawai'i's current child support system, custodial parents receiving Temporary Assistance for Needy Families (TANF) may never see any of the child support they are owed. That's because a non-custodial parent must pay child support directly to the State of Hawaii up to the amount of TANF benefits paid to that family. The state then keeps nearly half of those payments and passes the other half on to the federal government as reimbursement for providing TANF assistance.

Child support pass-through laws allow states to pass a portion of child support payments to custodial parents at a fraction of the cost for the state. The federal Deficit Reduction Act of 2005 recommends that states pass through child support collected by the state and agreed to waive the federal half of those funds, provided the state disregards the additional income for determining TANF eligibility.¹

Child support pass-through policies have been examined in many studies with consistently positive results. The research shows that custodial parents and their children have more income when child support payments are passed through; more non-custodial fathers pay child support, and they pay more, when it is passed through; and certain child maltreatment reports decreased when child support payments were passed through.²

Twenty-seven states and the District of Columbia already have child support pass-through laws or policies in place.³ **Rather than convene another study of this proven strategy, we believe Hawai'i should join the majority of states move to put this evidence-based policy in place.**

Mahalo for your consideration of these comments on this bill.

Thank you,

Nicole Woo, Director of Research and Economic Policy

¹ <https://www.acf.hhs.gov/css/policy-guidance/child-support-provision-deficit-reduction-act-2005>

² https://www.aspeninstitute.org/wp-content/uploads/2020/09/ChildSupport_Distribution.pdf

³ <https://www.countyhealthrankings.org/take-action-to-improve-health/what-works-for-health/strategies/full-child-support-pass-through-and-disregard>

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