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MEMORANDUM

TO: Honorable John M. Mizuno, Chair
House Committee on Human Services

FROM: Lillian B. Koller, Director

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

Hearing: Monday, March 16, 2009, 8:00 a.m.
Room 329, State Capitol

PURPOSE: The purpose of S.B. 851, S.D. 1 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 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 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.



TESTIMONY OF THE STATE ATTORNEY GENERAL TWENTY-FIFTH LEGISLATURE, 2009

ON THE FOLLOWING MEASURE:

S.B. NO. 851, S.D.1, RELATING TO CHILD SUPPORT ENFORCEMENT.

BEFORE THE:

HOUSE COMMITTEE ON HUMAN SERVICES

DATE: Monday, March 16, 2009 **TIME:** 8:00 AM

LOCATION: State Capitol, Room 329

TESTIFIER(S): Mark J. Bennett, Attorney General
or Lawrence A. Sousie, Deputy Attorney General,
or Garry L. Kemp, Administrator, Child Support
Enforcement Agency

Chair Mizuno and Members of the Committee:

The Department of the Attorney General strongly supports this measure.

The provisions of this measure amend various sections of the Hawaii Revised Statutes in order to bring the Child Support Enforcement Agency into compliance with federal law, provide cost saving measures, reduce agency involvement when liens are being enforced, and protect against identity theft.

The proposed changes are:

- To comply with federal statutory requirements by clarifying the requirement that all income withholding payments be sent to the Child Support Enforcement Agency or to another state's child support enforcement agency acting under Title IV-D of the Social Security Act. This provision is being proposed in order to comply with federal statutory requirements that are necessary to maintain eligibility for federal welfare funding and federal funding of child support enforcement programs.
- To allow the Child Support Enforcement Agency to disburse funds to custodial parents by way of either electronic deposit or debit card as a method to reduce the cost of postage that the Child Support

Enforcement Agency incurs when mailing out child support checks. It is estimated that there will be a cost savings to the agency of approximately \$130,000 per year for postage.

- To allow the electronic copy or facsimile of a signature on certified mailers be acceptable as sufficient proof of service in place of an actual signature. This is an additional method of reducing the cost of postage that the Child Support Enforcement Agency incurs. It is estimated that there will be an additional saving in postage costs to the agency of approximately \$24,912 per year.
- To clarify that other state child support enforcement agencies acting under Title IV-D of the Social Security Act may directly enforce a child support lien. Federal law provides full faith and credit to child support liens arising in another state when a state child support agency seeking to enforce the lien complies with procedural rules in effect within this state. Allowing other state child support agencies to directly enforce a child support lien will alleviate the necessity of the Child Support Enforcement Agency's involvement and permit resources to be utilized in other areas.
- To clarify that payment shall be made to the child support agency seeking to enforce the lien when that agency has complied with procedural rules of the State. This will also alleviate the necessity of the Child Support Enforcement Agency's involvement.
- To require only the last four digits of the obligor's social security number be indicated on the notice of child support lien. This is consistent with the changes enacted by the 2008 regular session in Act 86 to protect against identity theft.

We respectfully request that this bill be passed.