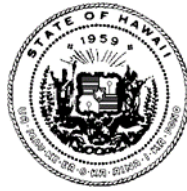**JOSH GREEN, M.D.**
GOVERNOR
KE KIAʻĀINA

CATHY BETTS
DIRECTOR
KA LUNA HOʻOKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HOʻOKELE

STATE OF HAWAII
KA MOKUʻĀINA O HAWAIʻI
DEPARTMENT OF HUMAN SERVICES
KA ʻOIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

January 29, 2023

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

FROM: Cathy Betts, Director

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

         Hearing: Tuesday, January 31, 2023, 9:30 a.m.
                       Conference Room 329 and Videoconference, State Capitol

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

PURPOSE: The purpose of the bill is for the Department of the Attorney General (ATG) and the Department of Human Services (DHS) to convene 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 program funds and to submit a joint report to the 2024 Legislature.

As required by federal law, DHS receives reimbursement payments from the Child Support Enforcement Agency (CSEA) from child support payments it collects from absent or non-custodial parents of children receiving financial assistance from DHS. In State Fiscal Year (SFY) 2022, DHS received $3,631,584 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 absent or non-custodial parents.

DHS respectfully requests that this committee amend the measure to require a joint report of findings and recommendations be submitted to the legislature no later than twenty days before the convening of the regular session of 2025. It will provide DHS and CSEA time to analyze federal and state policies, fiscal impact, and system requirements to implement child support pass-through payments.

The study will need to include to evaluate of the following:

- State statutes and administrative rules to ensure the policies align with federal regulations. Implementation of a pass-through program will require amendments to existing administrative rules;

- The impact of pass-through payments on other benefits families receive. For example, in SFY 2022, approximately 90% of TANF and TAONF recipient families also received SNAP benefits. The additional income will not be disregarded for SNAP because it is not a part of the Social Security Act; therefore, it will reduce the amount of SNAP benefits families receive monthly;

- DHS and CSEA IT systems to determine what modifications and other technology are 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 comment on this measure.
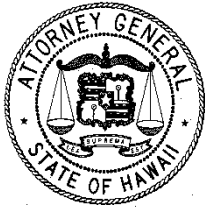
ON THE FOLLOWING MEASURE:
H.B. NO. 445, RELATING TO CHILD SUPPORT.

BEFORE THE:
HOUSE COMMITTEE ON HUMAN SERVICES

DATE: Tuesday, January 31, 2023 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Brandon K. Flores, Assistant Administrator, CSEA

Chair Mizuno and Members of the Committee:

The Department of the Attorney General supports this bill and provides the following comments.

The purpose of this bill is for the Department of the Attorney General and the Department of Human Services (DHS) to jointly convene a study group to examine the impacts and impediments, legality, and costs to agencies of allowing child support payments to pass through to recipients of temporary assistance for needy families (TANF) program funds.

Whenever DHS provides TANF program funds for the benefit of a dependent child, the Child Support Enforcement Agency (CSEA) is required to collect the debt owed by the non-custodial parent to DHS pursuant to section 346-37.2, Hawaii Revised Statutes (HRS). Because TANF is a federally funded program, federal law requires that a portion of CSEA's collection be set aside to reimburse the federal government. CSEA pays the remainder to DHS. Pursuant to federal requirements, this process is automatically performed by CSEA's case management system, KEIKI.

CSEA has no position on whether a pass-through should become law, and the agency notes that it is not ready to implement a pass-through at this time. A pass-through would require CSEA to reprogram the financial component of KEIKI to ensure that the money is retained and disbursed appropriately. CSEA is currently in the process of modernizing KEIKI by changing its underlying code to a more modern

language in a replatforming and refactoring project (the current project). Because the KEIKI system is subject to federal oversight, CSEA had to secure approval for the current project from the federal Office of Child Support Enforcement (OCSE), and that approval does not include approval for a pass-through. Also, the funding that CSEA received from the Legislature for the current project is not sufficient to use for additional reprogramming of KEIKI that would be required to implement a pass-through. The current project is expected to be completed in two years. To implement a pass-through this year would require separate approvals from OCSE for the design changes to KEIKI, and it would require additional funding from the Legislature.   It would also delay the completion of the current project. Therefore, CSEA would like to complete the current project before making any additional changes to the KEIKI system.

The study group will allow CSEA, DHS, and invited community stakeholders to determine the best way to make changes to CSEA's and DHS' systems and business practices to help Hawaii's families.

We respectfully ask the Committee to pass this bill. Thank you for the opportunity to testify.

HB-445
Submitted on: 1/30/2023 5:26:05 PM
Testimony for HUS on 1/31/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Zonta Club of Hilo c/o Advocacy Chair	Zonta Club of Hilo	Comments	Written Testimony Only

Comments:

The Zonta Club of Hilo supports the TANF Child Support Pass-through payments to the custodial parent. A hearing is set on Thursday, February 2nd, at 9:00am, before this Committee on HB 1181. HB 1181 provides for child support pass-through for TANF custodial parents of $100 for one child and up to $200 for those with two or more children..

Our recommendation is to have the hearing on HB 445 continued to Thursday, to combine the substantive argurments. Previously, the CSEA was agreeable in pricniple, but needed more time to determine the mechanics. This testimony was under HB 734 (2021 Session).

Mahalo for consdiering our request.

Charlene Iboshi, Chair

Zonta Club of Hilo, Advocacy Committee

Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawaiʻi 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 - Relating to Child Support**
Hawaiʻi State Capitol, Via Videoconference and Room 329
January 31, 2023, 9:30 AM

Dear Chair Mizuno, Vice Chair Amato, and committee members,

On behalf of Hawaiʻi Children's Action Network Speaks!, we are submitting COMMENTS on HB 445, which would require 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.

This policy is evidence based and scientifically supported. Twenty-seven states and the District of Columbia already have child support pass-through laws or policies in place.[1] Child support pass-through policies have been examined in many studies with consistently positive results. **Rather than convene another study of this proven strategy, we believe Hawaiʻi should move to put this policy in place.**

Under Hawaiʻi's current child support system, custodial parents receiving TANF funds 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.

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]

In addition, Hawaiʻi has accumulated $380 million in unspent TANF block grant funds, equal to 385 percent of its block grant.[3] With so many of our state's working families struggling to make ends meet, this is the time to spend down those funds.

Mahalo for your consideration of these comments on this bill.

Thank you,

Nicole Woo
Director, Research and Economic Policy

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[1] https://www.countyhealthrankings.org/take-action-to-improve-health/what-works-for-health/strategies/full-child-support-pass-through-and-disregard
[2] https://www.aspeninstitute.org/wp-content/uploads/2020/09/ChildSupport_Distribution.pdf
[3] https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_hi.pdf