



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

March 1, 2017

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 801 HD 1 – RELATING TO CHILD SUPPORT**  
Hearing: March 1, 2017, 1:00 P.M.  
Conference Room 308, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this bill as the concept has been pursued in other states with mixed results. DHS provides the following comments:

- 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 amended administrative rules and modifications to the IT system to operationalize the process. DHS will need additional time to implement and an appropriation to modify the IT system;
- 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;
- DHS does not know the fiscal impact on current program or the cost of modification to the IT system, consequently, DHS may not be able to begin implementation if the changes adversely affect DHS priorities identified in the Governor's Executive budget;
- DHS defers to CSEA on its fiscal and operational issues to implement the measure; and
- Lastly, DHS requests 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 the department of human services for public assistance of a child to pass through to the family receiving the public assistance; and to requires the department of human services to disregard passed through child support payments when determining the needs of an applicant for or recipient of public assistance. The Committee on Human Services defected the effective date.

The Department receives reimbursement payments from the Child Support Enforcement Agency (CSEA) from child support payments collected from parents of children receiving financial assistance as required by federal law. In state fiscal year (SFY) 2016, DHS received \$4,996,455.99 from the 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) for benefits received by families with children with an absent or non-custodial parents.

Further 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.

Thank you for the opportunity to testify on this bill.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2017**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 801, H.D. 1, RELATING TO CHILD SUPPORT.

**BEFORE THE:**

HOUSE COMMITTEE ON FINANCE

**DATE:** Wednesday, March 1, 2017

**TIME:** 1:00 p.m.

**LOCATION:** State Capitol, Room 308

**TESTIFIER(S):** Douglas S. Chin, Attorney General, or  
Lynette J. Lau, Administrator, Child Support Enforcement Agency

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Chair Luke 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 54.93 percent, although the rate changes from year to year. This means that, if CSEA collects \$100.00 in child support, \$54.93 is owed to the federal government and \$45.07 is paid to DHS. The federal share, in this example \$54.93, 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 must 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.