

HOUSE BILL REPORT

SSB 5244

As Passed House:

April 9, 2007

Title: An act relating to implementation of the deficit reduction act.

Brief Description: Implementing the deficit reduction act.

Sponsors: By Senate Committee on Human Services & Corrections (originally sponsored by Senators Hargrove, Stevens and Brandland; by request of Department of Social and Health Services).

Brief History:

Committee Activity:

Judiciary: 3/21/07, 3/23/07 [DP];

Appropriations: 3/29/07, 3/31/07 [DP].

Floor Activity:

Passed House: 4/9/07, 93-5.

Brief Summary of Substitute Bill

- Imposes a \$25 annual fee on persons receiving child support in cases where the recipient has never received Temporary Assistance for Needy Families (TANF) benefits and at least \$500 in child support has been collected.
- Effective October 1, 2008, eliminates the requirement that families receiving TANF benefits must assign their child support rights to the state for months they were not receiving TANF benefits, consistent with federal Deficit Reduction Act (DRA) requirements.
- Effective October 1, 2008, requires the Department of Social and Health Services (DSHS) to pass-through a portion of child support collections for families receiving TANF benefits.
- Allows child support orders to require that either or both parents provide health insurance for the child, consistent with federal DRA requirements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- Allows the DSHS to enforce medical support against either or both parents, consistent with federal DRA requirements.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass. Signed by 11 members: Representatives Lantz, Chair; Goodman, Vice Chair; Rodne, Ranking Minority Member; Warnick, Assistant Ranking Minority Member; Ahern, Flannigan, Kirby, Moeller, Pedersen, Ross and Williams.

Staff: Trudes Tango (786-7384).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 28 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Buri, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist and P. Sullivan.

Minority Report: Do not pass. Signed by 5 members: Representatives Anderson, Chandler, Dunn, Hinkle and Kretz.

Staff: Amy Skei (786-7140).

Background:

Federal law requires states to have a child support enforcement program that complies with federal requirements as a condition of receiving federal funds for child support enforcement and Temporary Assistance for Needy Families (TANF) programs. The Deficit Reduction Act of 2005 (DRA) was passed by Congress and signed by President Bush on February 6, 2006. The new law includes significant provisions affecting Washington's child support program.

Mandatory Fees: In providing child support services, states are required to impose an annual fee of \$25 on families who have never received TANF benefits and who have child support collections of at least \$500. States have four options in implementing this fee: (1) retain the fee from collected support; (2) charge the individual applying for services; (3) recover the fee from the parent obligated to pay support; or (4) pay the fee out of state funds.

Assignment of Child Support Rights: As a condition of receiving TANF benefits, a family must assign its child support rights to the state. The assignment covers any child support that accrues while the family receives TANF benefits as well as any child support that accrued before the family started receiving TANF benefits. Assigned child support collections are not paid to families. Instead, this revenue is kept by states and the federal government as partial reimbursement for TANF benefits. The date of the assignment (pre- or post-1997) determines

whether child support arrearages that accrued before the family started receiving TANF benefits are "permanently assigned" to the state or "temporarily assigned" only during the time period the family is receiving TANF benefits.

Under the DRA, only child support that accrues during the period the family receives TANF assistance is assigned to the state.

Pass-Through of Child Support: While a family receives TANF benefits, the state and federal government retain any current support and any assigned arrearages collected up to the cumulative amount of TANF benefits that has been paid to the family. While current law allows states to pass through its share of collections to the family, the state is still required to pay the federal government its share of child support collections. Therefore, any pass-through amount to the family was required to be financed completely from state funds.

The DRA now allows the state to pass-through child support collections to the family up to \$100 per month or \$200 per month for a family with two or more children and does not require the state to pay the federal government the federal share of those payments. The state must disregard the child support collection paid to the family in determining the family's TANF benefits.

Medical Support: In Washington, any support order being enforced by the Department of Social and Health Services (DSHS) must require the obligated parent to provide health care coverage if it is available through the parent's employment or union and the cost does not exceed 25 percent of the obligated parent's basic child support obligation. If the obligated parent fails to provide coverage as ordered, the DSHS may require the parent's employer to enroll the child in the parent's health insurance plan. Deductibles, co-pays, and uninsured medical expenses are presumed to be included in the basic child support obligation and must be paid by the custodial parent up to 5 percent of the basic child support amount. Amounts in excess of 5 percent must be paid by both parents in proportion to their relative incomes.

The DRA requires all new and modified child support orders to include a provision requiring either or both parents to provide medical support and require the DSHS to pursue enforcement of these provisions against either or both of them. The definition of medical support is also expanded to include health coverage, premiums, co-pays, or the payment of non-covered medical expenses.

Summary of Bill:

Mandatory Fees: The DSHS is required to charge the parent receiving child support a \$25 annual fee after \$500 has been collected and when the family has never received TANF benefits. The DSHS will retain the fee from support collected on behalf of the person.

Assignment of Child Support Rights: Effective October 1, 2008, families receiving TANF benefits are only required to assign child support owed to them during the months they receive TANF benefits.

Pass-Through of Child Support: Effective October 1, 2008, the DSHS is required to pass-through to TANF families up to \$100 per month in collected child support for one child and up to \$200 per month in child support for two or more children.

Medical Support: As part of a child support order, either or both parents must be ordered to provide health insurance coverage for the child. Health insurance coverage for the child may be enforced against either or both parents. Medical support enforced against a parent may include co-pays, deductibles, and uninsured medical expenses paid on behalf of a child. The DSHS may reduce the amount of medical expenses due from the obligated parent to a fixed dollar amount by providing the parents with a notice of the amount due and giving both parents an opportunity to object.

Rule-Making Authority: The DSHS is given rule-making authority to enact rules consistent with the Deficit Reduction Act of 2005.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: (Judiciary)

(In support) The state should not retain all the child support collected for families receiving Temporary Assistance for Needy Families benefits. Having the state keep the child support collected discourages parents who have to pay child support. The goal is to get as much money in the hands of the families rather than the state. The \$25 annual fee should be imposed on custodial parents, and imposing it on the noncustodial parent could present difficulties for the Division of Child Support (Division) and seems unfair for the noncustodial parent who was not the one requesting the Division's services. The change in the effective date for assignments means more child support will go to the families sooner.

(Opposed) None.

Staff Summary of Public Testimony: (Appropriations)

(In support) The changes in the bill are necessary to comply with the new federal child support requirements established by Congress. The bill provides for the earlier date for the mandatory assignment revision, which is not included in the Governor's budget. Charging the \$25 child support fee to the parent paying support would create challenges for employers and would be more difficult to administer, should the committee consider this change. The two optional pieces of the bill are the pro-family pieces. The child support pass-through means that at least part of the child support paid for families receiving public assistance would end up in the hands of those families. There are studies that show that families that receive child support are more successful in moving off of welfare. The second pro-family component is the date on which the state enacts the mandatory assignment revision. Currently, when a family applies for public assistance, they assign all of their child support arrears to the state as

reimbursement for the assistance they receive. The federal changes now mandate that the state will no longer retain child support arrears. The question is the effective date of that change. The pro-family position would be to do it at the earliest possible date, as this bill does.

(Opposed) None.

Persons Testifying: (Judiciary) Senator Hargrove, prime sponsor; David Stillman, Department of Social and Health Services, Division of Child Support; and Robin Zukoski, Columbia Legal Services.

Persons Testifying: (Appropriations) David Stillman, Department of Social and Health Services-Division of Child Support; and Robin Zukoski, Columbia Legal Services.

Persons Signed In To Testify But Not Testifying: (Judiciary) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.