

SENATE BILL REPORT

SB 5144

As of February 10, 2020

Title: An act relating to implementing child support pass-through payments.

Brief Description: Implementing child support pass-through payments.

Sponsors: Senators Dhingra, O'Ban, Wilson, C., Keiser, Darneille and Frockt.

Brief History:

Committee Activity: Human Services, Reentry & Rehabilitation: 1/24/19, 2/05/19 [DPS-WM]; 1/15/20, 1/21/20 [DP2S-WM].

Ways & Means: 1/14/20 [w/oRec-HSRR]; 2/10/20.

Brief Summary of Second Substitute Bill

- Requires the Department of Social and Health Services to pass through child support up to \$50 per month collected on behalf of a family, or up to \$100 a month for a family that includes two or more children.

SENATE COMMITTEE ON HUMAN SERVICES, REENTRY & REHABILITATION

Majority Report: That Second Substitute Senate Bill No. 5144 be substituted therefor, and the second substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Darneille, Chair; Nguyen, Vice Chair; Walsh, Ranking Member; Cleveland, O'Ban, Wilson, C. and Zeiger.

Staff: Alison Mendiola (786-7488)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That it be referred without recommendation and be referred to Committee on Human Services, Reentry & Rehabilitation.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Billig, Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wilson, L..

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.

Staff: Sarah Emmans (786-7478)

Background: The Deficit Reduction Act. The federal Deficit Reduction Act (DRA), enacted in 2005, requires states to have a child support enforcement program that complies with federal requirements as a condition to receiving federal funds for child support enforcement and Temporary Aid to Needy Families (TANF) programs. Prior to the enactment of the DRA, for a family that received TANF cash benefits, the state and federal government retained any current support and assigned arrearages collected up to the cumulative amount of TANF benefits that have been paid to a family. While the state was authorized to pay its share of collections to the family, it was 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 allows states 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 cash TANF benefit.

Suspension of the Child Support Pass-Through. In 2010, with the passage of SSB 6893, the Legislature directed the Division of Child Support to suspend the child support pass-through.

Summary of Bill (Second Substitute): Effective February 1, 2021, the suspension of the child support pass through is struck and the Division of Child Support shall pass through child support that does not exceed \$50 per month collected on behalf of a family, or in the case of a family which includes two or more children, not more than \$100 per month.

EFFECT OF CHANGES MADE BY HUMAN SERVICES, REENTRY & REHABILITATION COMMITTEE (Second Substitute): The child support pass-through is effective February 1, 2021.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Regular Session 2019) (Human Services, Reentry & Rehabilitation): *The committee recommended a different version of the bill than what was heard.* PRO: This bill reinstates the child support pass-through that was eliminated during the Great Recession, purely for economic reasons. Studies show that child support compliance increases with a pass-through, now there's an incentive to either pay under the table or not at all. A \$100 or \$200 increase in income makes a significant difference for a family on TANF, it helps to stabilize families. Even more so for survivors of domestic violence who may otherwise have to ask for favors from the person who harmed them, with the added income they can afford to change the locks. A family could pay car

insurance, or not have to decide between paying for the heat or buying diapers. This bill is good for families, good for children and good for the economy.

Persons Testifying (Human Services, Reentry & Rehabilitation): PRO: Senator Manka Dhingra, Prime Sponsor; David Hlebain, Statewide Poverty Action Network; Liz Olson, Washington State Budget & Policy Center; Alex Hur, Statewide Poverty Action Network; Sara Robbins, Solid Ground; Traci Underwood, Washington State Coalition Against Domestic Violence; Tatomya Wimbish, Young Women's Christian Association of Olympia.

Persons Signed In To Testify But Not Testifying (Human Services, Reentry & Rehabilitation): No one.

Staff Summary of Public Testimony on Proposed Second Substitute (Regular Session 2020) (Human Services, Reentry & Rehabilitation): PRO: This bill was heard last year and passed out of committee unanimously. The pass-through helps family creates investment from one parent to the children. The amount of the pass-through has been cut in half in order to get it through Ways & Means. What matters is having the policy restored and the system set up. Down the road we can show the positive impacts of the pass-through, such as more parents will pay their child support when they know it goes to their families. We can then revisit the pass-through amounts. According to NCSL, 25 other states allow for some level of pass-through. When this law was in effect there was a 28 percent increase in child support payments and the unemployment rate dropped for non-custodial parents. Pass-throughs are a key strategy in reducing childhood poverty. It also lowers toxic stress and housing instability. Pass-through policies reduce tension between the two parents. The non-custodial parent is more likely to be involved with the child and a parent is less likely to stay in a less stable relationship—such as domestic violence and substance abuse.

OTHER: The pass-through is a net gain to families. While the payment does not reduce cash assistance, it does count against food assistance. A delayed implementation date to February 2021, is needed due to old system.

Persons Testifying (Human Services, Reentry & Rehabilitation): PRO: Senator Manka Dhingra, Prime Sponsor; Alex Hur, Statewide Poverty Action Network; Julie Watts, Washington Budget and Policy Center.

OTHER: Babs Roberts, Department of Social and Health Services, Economic Services Administration, Community Services Division.

Persons Signed In To Testify But Not Testifying (Human Services, Reentry & Rehabilitation): No one.

Staff Summary of Public Testimony on Second Substitute (Ways & Means): PRO: Although we are now over a decade out from the recession, the state is still imposing this policy which was made based on budgetary and financial circumstances. Removing this policy will help families to be more stable and self-sufficient.

Persons Testifying (Ways & Means): PRO: Alex Hur, Statewide Poverty Action Network.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.