

**ALASKA STATE LEGISLATURE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES
STANDING COMMITTEE**

January 25, 2001
4:30 p.m.

MEMBERS PRESENT

Representative Fred Dyson, Chair
Representative Peggy Wilson, Vice Chair
Representative John Coghill
Representative Gary Stevens
Representative Vic Kohring
Representative Sharon Cissna
Representative Reggie Joule

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 41

"An Act repealing the termination date of changes made by ch. 87, SLA 1997 and ch. 132, SLA 1998 regarding child support enforcement and related programs; repealing the nonseverability provision of ch. 132, SLA 1998; repealing certain requirements for applicants for hunting and sport fishing licenses or tags, and for certain hunting permits, to provide social security numbers for child support enforcement purposes; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 41

SHORT TITLE:CHILD SUPPORT ENFORCEMENT/SOC SEC. #

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/10/01	0046	(H)	READ THE FIRST TIME - REFERRALS
01/10/01	0046	(H)	HES, JUD, FIN
01/10/01	0047	(H)	FN1: ZERO (REV)
01/10/01	0047	(H)	GOVERNOR'S TRANSMITTAL LETTER
01/10/01	0047	(H)	REFERRED TO HES

01/25/01

(H)

HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

BARBARA MIKLOS, Director
Central Office
Child Support Enforcement Division
Department of Revenue
550 West Seventh Avenue, Suite 310
Anchorage, Alaska 99501
POSITION STATEMENT: Presented HB 41.

ACTION NARRATIVE

TAPE 01-6, SIDE A
Number 0001

CHAIR FRED DYSON reconvened the House Health, Education and Social Services Standing Committee meeting at 4:30 p.m. [The minutes for the Child Support Enforcement Division overview are found in the 3:08 p.m. cover sheet for the same date.]

HB 41 - CHILD SUPPORT ENFORCEMENT/SOC SEC. #

CHAIR DYSON announced the next order of business as HOUSE BILL NO. 41, "An Act repealing the termination date of changes made by ch. 87, SLA 1997 and ch. 132, SLA 1998 regarding child support enforcement and related programs; repealing the nonseverability provision of ch. 132, SLA 1998; repealing certain requirements for applicants for hunting and sport fishing licenses or tags, and for certain hunting permits, to provide social security numbers for child support enforcement purposes; and providing for an effective date."

Number 0055

BARBARA MIKLOS, Director, Central Office, Child Support Enforcement Division (CSED), Department of Revenue, came forward to present HB 41. She explained that when federal welfare reform legislation was passed in 1996 by Congress and amended in 1997, both those laws affected the CSED. The theory behind welfare reform was to figure out ways to help those families going off welfare to stay off welfare and not get into trouble, especially families with children. In order to help those families, the CSED has to make sure that both parents are supporting the children. A great deal of the welfare reform legislation addressed child support. The State of Alaska

legislature passed laws to comply with the requirements of welfare reform in 1996, 1997, and 1998. It is a very complex piece of legislation.

MS. MIKLOS explained that the 1997 and 1998 pieces of the Alaska statutes, which are riddled all over through child support statutes, were set to sunset in 2001, and HB 41 is a repealer of those sunset provisions. The bill itself is fairly simple. Section 1 is the Findings; Purpose; Intent; Section 2 repeals the sunset and nonseverability provisions; Section 3 repeals the social security number requirements on hunting and sport fishing licenses, which has to do with the waiver; and Section 4 and 5 provide for an effective date. It is a simple piece of legislation, but behind it is a lot of programs and complex legislation.

MS. MIKLOS noted that many of the programs have been very effective because of some of the tools like the driver's license program and the new hire reporting program. Some programs have given more protection for the public; others have given the CSED more tools to collect money. In FY [fiscal year] 99 the CSED collected \$81 million, and in FY 2000 it collected \$85 million, and in FY 2001 it expects to collect \$90 million, which primarily is going to families. Although there are concerns about child support, within the last three years the concerns have lessened, not increased. She asked the committee to pass this bill that would repeal those sunset provisions.

MS. MIKLOS cited a recent study done by the Department of Health and Social Services of 694 families in which a very small percentage of them had received child support. She doesn't know why, but 42 percent of the money being brought in now is for people who used to be on public assistance at some point, and now they are being helped with child support. It makes a big difference.

MS. MIKLOS referred to the nonseverability provision and explained that it was added in 1998 legislation. It says if any part of the law is found to be unconstitutional, the entire law is found to be unconstitutional. The CSED prefers that that be taken out. So far it has withstood the biggest test because the supreme court found the driver's license program constitutional, but the CSED would hate to have everything thrown out because of that clause.

MS. MIKLOS went through the Child Support Enforcement "Sunset" Summary included in the packets section by section. The CSED

took a summary of all the bills that include a lot of legislation. When the CSED worked on the 1997 and 1998 legislation, it really tried hard to make sure at minimum that the federal requirements were met; that was the focus. All of these things were required by the federal welfare reform legislation. One of the reasons that this legislation passed was the federal government included a sanction: if states do not pass this legislation, then there is a chance of losing all the child support and public assistance money, which for the State of Alaska was \$80 million. That was the biggest impetus to pass the legislation. Now she would like to say the CSED really believes that some of programs really helped.

MS. MIKLOS referred to the section "Availability of Records/Access to Information" and explained that it requires various agencies like Vital Statistics and the licensing agencies to give the CSED information. Prior to this those agencies were doing it primarily voluntarily, but now it is in state law. She referred to the section "'Best Efforts' Language" and explained that the driver's license and occupational licensing program isn't part of this legislation at all because it was passed in 1996, so it does not sunset. The part that would sunset is the requirement that the CSED must consider that someone is making the best effort.

Number 0634

REPRESENTATIVE COGHILL asked Ms. Miklos if she has a place where the SLA [Session Laws of Alaska] provision is going to be tied to what she is describing.

MS. MIKLOS answered no, but she has another document that was recently developed and would be happy to make a copy for him.

MS. MIKLOS referred to the "Central Registry" section and explained that whether CSED enforces the order or not, the orders are supposed to come through the CSED, so the court has always been doing that. The CSED now keeps a list of the court orders, so it is available and keeps track of things. She noted that Diane Wendlandt already talked [in the previous overview] about due process in terms of the section on "Credit Bureau Reporting."

MS. MIKLOS referred to the section on "Definitions: Duty of support, earnings, tribunal, arrearages" and explained that all the states needed to have consistent definitions, so the CSED adopted those definitions. She said she wouldn't go over the

"Due Process" section because Diane Wendlandt already reviewed that in the overview.

MS. MIKLOS referred to the section "Financial Institution Data Match and Immunity from Liability" as one of the bigger programs that is part of this law, one that is just in the process of implementation. The CSED could always do bank matches and could attach money in bank accounts, but this program will allow the CSED to actually send the list of people in arrears to various banks, and they will send the CSED names of people they have in accounts. That program is almost ready but is not quite implemented yet.

MS. MIKLOS referred to the section on "Income Withholding" and said a couple things changed in the law. One change gave seven days for the employer to start taking the actions, and the second change requires CSED to get the payments out within two days. Prior to that the CSED had a 15-day requirement.

MS. MIKLOS referred to the section on "Liens." Once someone owes child support then that sort of becomes a lien on his/her property. She understands that that was always part of Alaska's law and hadn't changed because of welfare reform. What did change in the law is CSED gives full faith and credit to other state's liens. She referred to the section called "Miscellaneous." It lists things that are not as big as some of the other programs: exchange information, application for services, payments to the agency, audit of collections, notice of public assistance, order establishment, service of paper, regulations, fees for services, and state registry information.

MS. MIKLOS referred to the section on "Modification." It requires the CSED to give the parties notice that they are able to modify the orders every three years.

MS. MIKLOS referred to the section on "New Hire Reporting" and noted that it has helped the most in terms of collections. It requires all employers in the state to report hires and rehires to the CSED within 20 days. There is now an automated holding order in the new computer system. The minute the CSED knows that someone has a new employer, a new withholding order is sent out. That helps both parties; it helps collect the child support sooner, and it helps the obligor, so arrears are not accumulating.

Number 0997

REPRESENTATIVE WILSON asked how that works.

MS. MIKLOS said the employers give the CSED the same information they have on a W4 form, which includes name, address, social security number, and maybe one other piece of datum. The CSED matches it, and then those that don't match are not part of the system.

REPRESENTATIVE JOULE asked if this could be done electronically utilizing new technology.

MS. MIKLOS replied that the larger employers send tapes. She also noted that Alaska was one of the first states to have new hire reporting but prior to welfare reform, only the larger employers reported. The CSED is trying to set up a web site so people can send it electronically.

MS. MIKLOS noted that in a six-month study of the collections, 12 percent of the collections came directly from the information received from the new hire reporting. She said the CSED believes that it is very effective.

Number 1121

MS. MIKLOS referred to the section on "Non-cooperation." If someone is on public assistance, unless there is good reason and good reason would be that he/she or the children are not safe, then he/she must cooperate with the CSED. If someone doesn't cooperate and there is no good reason to cooperate, then there are sanctions within the public assistance system.

CHAIR DYSON asked Ms. Miklos how the safety issue is verified.

MS. MIKLOS answered that it depends when it comes to the CSED. If it comes through public assistance, then the Division of Public Assistance verifies that. She doesn't know what process is used.

REPRESENTATIVE WILSON asked for an example of what she is talking about.

MS. MIKLOS explained that if someone is on public assistance, the CSED is collecting child support on behalf of the state. The impetus is it would want to collect that money to reimburse the state for the public assistance. The state and the federal government have agreed that it is not worth it to even try to go after this money if it would put the parent's life or children's

lives in danger, so he/she would not have to cooperate with the CSED. It is not that the family wouldn't be getting child support for themselves; the CSED wouldn't be collecting it on behalf of the state. For example, take a case of domestic violence where things are stable now but something else could trigger more violence, and maybe the trigger would be collection of child support.

Number 1270

REPRESENTATIVE COGHILL asked if once someone is released from his/her child support obligation, is he/she notified of the release.

MS. MIKLOS replied that the CSED closes the case and notifies both parties by First-Class Mail. If someone does send too much money, that money is sent back.

MS. MIKLOS referred to the section on "Nondisclosure of Information" and said it also addresses domestic violence. Under the original law, the CSED only gave the noncustodial parent the address of a custodial parent if the payments were caught up. The federal government said it wanted child support agencies to give noncustodial parents the address of the custodial parents in case they don't know where their children are. The federal government opened that up in a way that was different than Alaska had it, but it said not in cases of domestic violence. That information will not be given out if there is evidence of violence.

REPRESENTATIVE COGHILL asked what kind of violence or is there a discretionary judgment on the part of CSED.

MS. MIKLOS answered it can be that or the CSED will accept a sworn affidavit. There has never been a challenge to that. There would also be an appeal process on the other side if the noncustodial parent said it wasn't true, and then he/she would have a right to appeal.

MS. MIKLOS referred to the "Paternity Section" and noted that Diane Wendlandt went through that in the CSED overview. She reviewed the next section "Seek Work Orders." This gives CSED the authority if someone is not working and can't pay child support, he/she can be ordered to work. The CSED has chosen to go through the court, and that has been successful.

MS. MIKLOS referred to the "Social Security Numbers" section.

The issue of the hunting and fishing licenses was addressed, but there are still requirements for social security numbers on state licenses including applications for professional licenses, business licenses, marriage licenses, and driver's licenses. Those are still required by the federal government. The only one that got a waiver was for recreational licenses.

MS. MIKLOS referred to the section on "Subpoenas" and explained that is a requirement that the CSED be able to do subpoenas. It changed in law but in practice it is pretty much the way it has been because the CSED could subpoena that information through the authority of the commissioner of the Department of Revenue. Now the CSED has direct authority.

MS. MIKLOS referred to the "UIFSA" [Uniform Interstate Family Support Act] section and explained there were just some minor changes to make it clearer and more consistent. She concluded her review of the programs that were in the changes in the law. She noted that every time a child support law is changed, it has to be changed in four or five places, so that is why so many things are listed. She urged the committee to pass HB 41.

Number 1552

REPRESENTATIVE CISSNA asked for an explanation on the sunset summary. She wondered if it is based on federal requirements.

MS. MIKLOS replied absolutely.

REPRESENTATIVE CISSNA asked what happens if the bill isn't passed.

MS. MIKLOS answered that Congress placed a sanction on the law that the states would lose all the money that funds child support. In Alaska this amounts to about \$12 million in federal money for the CSED and about \$63 million for public assistance for a total of about \$80 million.

CHAIR DYSON pointed out that there is a companion bill in the Senate and Representative Coghill has a bill. It is important for the committee to get whatever information it needs to make amendments. He asked the committee members what additional information they need in order to take action on this bill probably late next week.

REPRESENTATIVE JOULE asked what the time frame is on HB 41.

MS. MIKLOS answered that it sunsets July 1, 2001, which is this session.

REPRESENTATIVE COGHILL asked Ms. Miklos for help on framing the discussion on nonseverability. He asked for the rationale and the impact on nonseverability.

CHAIR DYSON announced that HB 41 would be held over to give people time to get more information and have their questions answered. He will notify people when he expects to hear this bill again.

ADJOURNMENT

Number 1861

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 5:05 p.m.